



Annual Report 2002  
**Nordea Bank Danmark**

*Nordea Bank Danmark is a part of Nordea. Nordea is the leading financial services group in the Nordic and Baltic Sea region and operates through three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life. The Nordea Group has more than 10 million customers and 1,240 bank branches. The Nordea Group is a world leader in Internet banking, with 3.3 million e-customers. The Nordea share is listed in Stockholm, Helsinki and Copenhagen*

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## Nordea Bank Danmark Group - five-year financial summary

<b>Income statement (DKKm)</b>	2002	2001	2000	1999	1998
Net interest income	8,254	8,111	7,548	7,053	6,982
Dividends received <sup>1)</sup>	217	305	300	263	183
Net commission income	2,145	1,845	3,233	2,543	2,283
Net result from financial operations	-381	214	1,485	1,024	1,394
Other operating income	283	341	368	306	701
<b>Total operating income</b>	<b>10,518</b>	<b>10,816</b>	<b>12,934</b>	<b>11,188</b>	<b>11,544</b>
Personnel expenses	4,165	4,266	5,064	4,611	4,145
General administrative expenses	2,558	2,422	2,961	3,231	2,885
<b>Total operating expenses</b>	<b>6,723</b>	<b>6,688</b>	<b>8,025</b>	<b>7,842</b>	<b>7,030</b>
<b>Profit before loan losses</b>	<b>3,795</b>	<b>4,128</b>	<b>4,909</b>	<b>3,346</b>	<b>4,514</b>
Loan losses <sup>2) 1)</sup>	381	1,066	216	513	649
Profit from companies accounted for under the equity method	280	-4	303	347	166
<b>Operating profit, banking</b>	<b>3,693</b>	<b>3,059</b>	<b>4,996</b>	<b>3,180</b>	<b>4,031</b>
Operating profit, insurance	-	-	-	-	-
<b>Operating profit</b>	<b>3,693</b>	<b>3,059</b>	<b>4,996</b>	<b>3,180</b>	<b>4,031</b>
Extraordinary items	-	-	-	-	-
Pension adjustments	-	-	-	-	-
Taxes	1,070	991	145	117	97
Minority interests	-	-	27	-	-
<b>Net profit for the year</b>	<b>2,623</b>	<b>2,068</b>	<b>4,824</b>	<b>3,063</b>	<b>3,934</b>

1) Profit from associated companies is reported as a separate item  
2) Incl profit (losses/write-downs) on long-term securities 1) Incl change in value of property taken over for protection of claims

<b>Balance sheet at 31 December (DKKm)</b>	2002	2001	2000	1999	1998
<b>Assets</b>					
Loans and advances to credit institutions	139,564	100,933	77,057	67,775	81,618
Lending	295,496	276,746	272,276	265,618	233,249
Interest-bearing securities	116,268	122,629	104,189	87,546	88,450
- Current assets	116,268	122,629	104,189	87,546	88,450
- Fixed assets	-	-	-	-	-
Other assets	98,572	59,055	58,347	48,812	44,099
<b>Total assets</b>	<b>649,900</b>	<b>559,362</b>	<b>511,868</b>	<b>469,752</b>	<b>447,415</b>
<b>Liabilities and shareholders' equity</b>					
Deposits by credit institutions	172,045	158,388	114,536	96,739	117,386
Deposits	171,778	171,718	176,833	169,278	162,047
Other borrowings from the public	-	-	-	-	-
Debt securities in issue	135,496	133,133	121,916	127,569	98,527
Other liabilities	142,726	70,409	71,212	48,078	44,922
Subordinated liabilities	9,464	8,276	8,033	7,873	5,320
<b>Total liabilities</b>	<b>631,509</b>	<b>541,924</b>	<b>492,530</b>	<b>449,537</b>	<b>428,202</b>
Shareholders' equity	18,392	17,440	19,338	20,215	19,213
<b>Total liabilities and shareholders' equity</b>	<b>649,900</b>	<b>559,362</b>	<b>511,868</b>	<b>469,752</b>	<b>447,415</b>
Contingent liabilities	30,656	20,171	20,219	21,658	21,776

## Nordea Bank Danmark Group - ratios and key figures

<b>Ratios and key figures</b> (DKK except percentages)	2002	2001	2000	1999	1998
Return on equity, %	14.6	12.1	24.4	15.5	21.7
Return on total assets, %	0.43	0.39	0.98	0.67	0.93
Overall interest margin, %	1.4	1.5	1.5	1.5	1.6
Cost/income ratio before loan losses, %	62.3	61.9	60.6	68.0	60.0
Cost/income ratio after loan losses, %	65.8	71.7	62.3	72.4	65.6
Loan loss level, %	0.1	0.4	0.1	0.2	0.2
Impaired loans level, %	0.2	0.4	0.3	0.4	•
Risk-weighted assets, DKKbn	274	260	277	270	252
Capital base, DKKbn	27	25	27	27	24
Tier 1 capital ratio, %	6.7	6.7	6.9	7.3	7.5
Total capital ratio (Capital adequacy)	9.8	9.7	9.7	10.1	9.5
Average number of employees	8,480	8,853	10,037	10,004	9,870
Number of employees at 31 December	8,861	9,076	10,328	10,484	10,703
Number of full-time equivalents at 31 December	8,322	8,687	9,856	9,966	10,015
Branches at 31 December	348	351	357	365	369
- Branches outside the Nordic and the Baltic Sea region	2	2	5	8	9

The Danish Financial Supervisory Authority's ratio system is shown in note 56, page 46.

The 2002 and the 2001 figures are affected by the fact that with effect for accounting purposes from 1 January 2001 Nordea Bank Danmark A/S split off the Asset Management and Investment Banking activities into independent banks and merged with the related part of the former parent company. The comparative figures have not been restated compared to previous years.

## Definitions and exchange rates

Throughout this report the terms Nordea Bank Danmark and the Group refer to the Nordea Bank Danmark Group.

### Return on equity

Net profit before minority interests as a percentage of average shareholders' equity, including minority interests and adjusted for new share issues and dividends. Average equity is calculated as the mean of equity in the beginning and at the end of the year.

### Return on total assets

Operating profit less taxes as a percentage of average total assets. Average total assets are calculated as the mean of total assets in the beginning and at the end of the year.

### Overall interest margin

Net interest income as a percentage of average total assets, calculated as above.

### Cost/income ratio before loan losses

Operating expenses before goodwill as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

### Cost/income ratio after loan losses

Operating expenses before goodwill plus loan losses (including change in value of property taken over/profit or loss on long-term securities) as a percentage of operating income and share of profit/loss from companies accounted for under the equity method.

### Loan loss level

Loan losses net as a percentage of lending opening balance and loan guarantee exposure.

### Impaired loans level

Impaired loans net (ie impaired loans less reserves) as a percentage of lending closing balance and loan guarantee exposure.

### Risk-weighted assets

Total assets as shown in balance sheet and off-balance-sheet items valued on the basis of credit and market risks in accordance with regulations governing capital adequacy.

### Capital base

The capital base is the sum of core capital (tier 1) and supplementary capital (tier 2, consisting of subordinated debenture loans) after deduction of certain holdings in companies that conduct insurance or finance operations. Core capital comprises shareholders' equity (including the part of non-restricted reserves and depreciation difference included in the shareholders' equity). Subject to the approval by supervisory authorities, core capital may also include certain qualified forms of subordinated loans.

### Tier 1 capital ratio

Tier 1 capital as a percentage of risk-weighted assets.

### Total capital ratio (Capital adequacy)

Capital base as a percentage of risk-weighted assets.

## Exchange rates applied

(The official rates of exchange of the Danish central bank at 31 December 2002)

<b>EUR</b>	7.4243	<b>GBP</b>	1,139.92	<b>NOK</b>	101.81
<b>SEK</b>	80.75	<b>USD</b>	708.22		

## Nordea Bank Danmark A/S - five-year financial summary

<b>Income statement (DKKm)</b>	2002	2001	2000	1999	1998
Net interest income	7,084	7,029	6,351	5,963	6,011
Dividends received <sup>1)</sup>	217	304	292	255	182
Net commission income	2,395	2,053	2,777	2,279	1,998
Net result from financial operations	-406	78	1,300	999	1,349
Other operating income	184	225	182	232	629
<b>Total operating income</b>	<b>9,474</b>	<b>9,689</b>	<b>10,903</b>	<b>9,728</b>	<b>10,169</b>
Personnel expenses	3,997	4,065	4,473	4,075	3,715
General administrative expenses	2,410	2,246	2,570	2,832	2,550
<b>Total operating expenses</b>	<b>6,407</b>	<b>6,311</b>	<b>7,043</b>	<b>6,907</b>	<b>6,265</b>
<b>Profit before loan losses</b>	<b>3,067</b>	<b>3,378</b>	<b>3,860</b>	<b>2,821</b>	<b>3,904</b>
Loan losses <sup>2) 1)</sup>	301	1,106	207	446	579
Profit from companies accounted for under the equity method	925	780	1,179	713	622
<b>Operating profit, banking</b>	<b>3,689</b>	<b>3,052</b>	<b>4,831</b>	<b>3,088</b>	<b>3,947</b>
Operating profit, insurance	-	-	-	-	-
<b>Operating profit</b>	<b>3,689</b>	<b>3,052</b>	<b>4,831</b>	<b>3,088</b>	<b>3,947</b>
Extraordinary items	-	-	-	-	-
Pension adjustments	-	-	-	-	-
Taxes	1,066	984	8	25	14
<b>Net profit for the year</b>	<b>2,623</b>	<b>2,068</b>	<b>4,824</b>	<b>3,063</b>	<b>3,934</b>

1) Profit from associated companies is reported as a separate item

2) Incl profit (losses/write-downs) on long-term securities 1) Incl change in value of property taken over for protection of claims

<b>Balance sheet at 31 December (DKKm)</b>	2002	2001	2000	1999	1998
<b>Assets</b>					
Loans and advances to credit institutions	140,049	93,651	74,387	71,696	82,782
Lending	178,619	176,065	177,100	178,966	158,273
Interest-bearing securities	106,077	110,854	97,157	79,991	81,780
- Current assets	106,077	110,854	97,157	79,991	81,780
- Fixed assets	-	-	-	-	-
Other assets	104,101	64,685	63,723	54,014	48,711
<b>Total assets</b>	<b>528,845</b>	<b>445,254</b>	<b>412,368</b>	<b>384,667</b>	<b>371,546</b>
<b>Liabilities and shareholders' equity</b>					
Deposits by credit institutions	179,814	162,015	119,509	100,937	121,500
Deposits	173,029	173,196	175,905	181,678	172,597
Other borrowings from the public	-	-	-	-	-
Debt securities in issue	9,214	17,072	22,424	29,435	11,028
Other liabilities	138,932	67,256	67,157	44,530	41,886
Subordinated liabilities	9,464	8,276	8,033	7,873	5,320
<b>Total liabilities</b>	<b>510,453</b>	<b>427,815</b>	<b>393,028</b>	<b>364,453</b>	<b>352,331</b>
Shareholders' equity	18,392	17,440	19,338	20,215	19,213
<b>Total liabilities and shareholders' equity</b>	<b>528,845</b>	<b>445,254</b>	<b>412,368</b>	<b>384,667</b>	<b>371,546</b>
Contingent liabilities	69,427	56,405	63,243	72,687	60,585

## Nordea Bank Danmark A/S - ratios and key figures

<b>Ratios and key figures</b> (DKK except percentages)	2002	2001	2000	1999	1998
Return on equity, %	14.6	11.2	24.4	15.5	21.7
Return on total assets, %	0.54	0.48	1.21	0.81	1.10
Overall interest margin, %	1.5	1.6	1.6	1.6	1.7
Cost/income ratio before loan losses, %	61.6	60.3	58.3	66.2	58.1
Cost/income ratio after loan losses, %	64.5	70.8	60.0	70.4	63.4
Risk-weighted assets, DKKbn	257	249	261	263	232
Capital base, DKKbn	27	25	27	27	24
Tier 1 capital ratio, %	7.1	6.9	7.3	7.5	8.1
Total capital ratio (Capital adequacy)	10.5	10.1	10.2	10.4	10.3
Average number of employees	8,167	8,551	9,351	9,331	9,251
Number of employees at 31 December	8,535	8,757	9,605	9,781	-
Number of full-time equivalents at 31 December	8,015	8,380	9,164	9,293	9,370
Branches at 31 December	348	351	357	365	369
- Branches outside the Nordic and the Baltic Sea region	2	2	5	8	9

The Danish Financial Supervisory Authority's ratio system is shown in note 56, page 46.

The 2002 and the 2001 figures are affected by the fact that with effect for accounting purposes from 1 January 2001 Nordea Bank Danmark A/S split off the Asset Management and Investment Banking activities into independent banks and merged with the related part of the former parent company. The comparative figures have not been restated compared to previous years.

# Nordea Bank Danmark

## Report of the Board

The year 2002 provided again a challenging operating environment. The expected pick-up in overall economic growth failed to materialise. The United States economy showed signs of a recovery, but uncertainty regarding the sustainability of the growth continued. In Japan zero-growth continued. In the wake of Germany's weak development growth in the Euro area slowed down. Overall, the Nordic economies grew slightly faster than in 2001, but nevertheless the growth remained fairly slow.

The development of capital markets remained weak. Share prices continued to decline until the autumn and marked time thereafter. Inflation remained a minor concern as rise in consumer prices tended to slow down all over. Generally interest rates continued to go down as central banks both in the United States and in Europe lowered their policy rates.

Low interest rates underpinned the demand for bank loans, and lending continued almost invariably to grow. While the year 2002 marked a respite in financial sector consolidation, the operating environment remained highly competitive.

### Composition of the Group

Nordea Bank Danmark forms a part of the Nordea Group, the operations of which have been organised across national boundaries in three business areas: Retail Banking, Corporate and Institutional Banking and Asset Management & Life, and Group Processing and Technology, Group Corporate Centre and Group Staffs.

All the operations of Nordea Bank Danmark are integrated in the operations of the Nordea Group, whose annual report, with activities and earnings reported by the business area, encompasses the operations of Nordea Bank Danmark in their entirety.

As part of the Group, Nordea Bank Danmark conducts banking operations in Denmark and abroad.

The parent company Nordea AB (publ) is listed on the stock exchanges in Stockholm, Helsinki and Copenhagen.

### Changes in group structure

In 2002 there were no major changes to the Group's legal structure as opposed to 2001. In 2001 the changes involved, among other things, a split-off of the Asset Management operation and the Investment Banking operation into two new banks with effect for accounting purposes from 1 January 2001.

### Principal subsidiaries

Nordea Bank Danmark A/S owns 100% of the Danish subsidiary undertakings Nordea Kredit Realkreditaktieselskab, through which the bank carries on mortgage lending activities, and Nordea Finans Danmark A/S, through which the bank carries on financing, leasing and factoring activities.

### Profit and profitability

Results for 2002 showed an increase in net fees and commissions receivable compared to 2001. Staff and administrative expenses increased while provisions for bad and doubtful debts fell. Profit before tax was DKK 3,693m (DKK 3,059m), an increase on the previous year. The realised post-tax return on equity was 14.6% (12.1%).

### Income

Net interest income from deposits and lending declined primarily as a result of the general fall in interest rates as the deposit rates of interest for some deposits cannot be further reduced. There was an increase in interest receivable from the larger own portfolios of bonds and derivatives. Fees and commissions receivable rose, among other things, due to an increase in income from mortgage refinancing, documentation fees, payment fees and custody fees. Trading fees saw a decline over the year. Revaluation gains declined, mainly reflecting market developments. Overall, profit before expenses and loan loss provisions fell by approximately DKK 0.3bn compared to 2001.

## Expenses

Staff and administrative expenses, including depreciation and write-down of tangible assets, increased by 0.5%. The cost ratio (expenses and depreciation as a percentage of profit before expenses and profit on shares in associated and group undertakings) was 62.3%, a slight increase from 61.9% in the previous year. Expenses include restructuring costs of DKK 1m compared to DKK 123m in 2001.

## Loan losses

The provision ratio for the year (according to the definition of the Danish Financial Supervisory Authority) decreased from 0.4% in 2001 to 0.1% in 2002. The decline in provisions for bad and doubtful debts was attributable to corporate commitments. There was no substantial change in losses on commitments with personal customers.

## Share of profit in companies accounted for under the equity method

The profit comprises the bank's share of the profit from PBS (Danish Payment Systems) from 2001 of DKK 83m (DKK 79m), profit on the sale of the shareholding in DLR of DKK 226m and other profit shares of DKK -29m.

## Taxes

The effective tax rate for 2002 was 29.0% (32.4%) of which 1.3% reflects the special Danish (deductible) tax on Danish banks' provisions for bad and doubtful debts at 1 January. In Denmark Nordea Bank Danmark A/S is taxed on a pooled basis with the majority of its wholly owned subsidiary undertakings and the Danish corporation tax is recorded and paid by the bank.

## Profit for the year

Of the profit for the year of DKK 2,623m it is proposed that DKK 1,671m should be paid as dividend, DKK 606m should be transferred to the net revaluation reserve according to the equity method, while the remaining amount of DKK 347m should be transferred to the unrestricted shareholders' equity.

## Financial structure

### Lending

Lending increased by DKK 19bn from DKK 277bn at 1 January 2002 to DKK 295 at 31 December 2002 of which mortgage lending rose by DKK 16bn to DKK 116bn (DKK 100bn), the greater part to personal customers.

## Interest-bearing securities

### Current assets

According to the rules of the Danish Financial Supervisory Authority the total bond portfolio of DKK 116bn (DKK 123bn) is considered as current assets.

### Other assets

#### Shares and participations

Of the portfolio of shares etc of DKK 9.5bn (DKK 13.5bn), DKK 7.5bn (DKK 12.2bn) is attributable to portfolio schemes. Of the remaining amount of DKK 2.0bn (DKK 1.3bn), DKK 1.2bn (DKK 0.3bn) is attributable to unlisted shares in private equity companies. This increase is due to the fact that the administration of Nordea's total portfolios hereof in 2002 was consolidated in Treasury in Nordea Bank Danmark A/S.

#### Real estate

The book value of land and buildings was DKK 3.1bn (DKK 3.1bn); the most recent property value (public valuation) amounted to DKK 4.1bn (DKK 3.8bn).

#### Other

The positive market value of derivatives etc (gross) increased by DKK 43.2bn from DKK 36.3bn to DKK 79.5bn. The increase reflects a significant rise in the volume of swaps, among other instruments, and a rise deriving from the fall in the general level of interest rates and the marked change in the USD exchange rate.

## Deposits

Total deposits of DKK 172bn were unchanged compared to the previous year. Special categories of deposit and time deposits declined by DKK 4bn and DKK 5bn respectively, whereas deposits at call increased by DKK 9bn.

## Other liabilities

In parallel with the increase in the positive market value of derivatives the negative market value increased by DKK 48.1bn from DKK 34.7bn to DKK 82.8bn.

## Shareholders' equity

At 31 December 2002 total assets were DKK 650bn (DKK 559bn), an increase of 16% on 31 December 2001. Shareholders' equity was DKK 18.4bn against DKK 17.4bn at 1 January 2002.

## Capital adequacy and ratings

The Nordea Bank Danmark Group's total capital ratio (after proposed dividend for 2002) was 9.8% compared to 9.7% at 31 December 2001.



The tier 1 capital ratio was 6.7% as was also the case at the end of 2001.

## Ratings

Moody's Investors Service			Standard & Poor's			Fitch	
BFSR	Short	Long	Short	Long	Indiv	Short	Long
<b>B</b>	<b>P-1</b>	<b>Aa3</b>	<b>A-1</b>	<b>A+</b>	<b>B</b>	<b>F1+</b>	<b>AA-</b>

## Risk management

### Risk management

Nordea Bank Danmark is entirely integrated with Nordea's risk management system. Group Credit and Risk Control is in charge of the drafting of rules and guidelines for risk assessment, central control and reporting for Nordea Bank Danmark and for Nordea as a whole. The business areas have the main responsibility for identifying and controlling risk in their operations.

Nordea Bank Danmark's Board of Directors is ultimately responsible for limiting and monitoring the Group's risk. The following operative targets include restrictions on risk exposure and establish a framework for the operations.

- Average loan losses must not exceed 0.4% of the loan and guarantee portfolio over a full business cycle.
- Investment risk (market risk related to investment activities) should not lead to an accumulated loss in investment earnings exceeding one quarter's normal income level at any time in a calendar year.
- Operating risk must be kept within manageable levels at reasonable cost.

The Board of Directors approves all main principles, instructions and exposure restrictions. The Board of Directors is informed of exposure and risk management through regular reports.

### Credit risk

Credit risk is defined as the risk that the Group's counterparty does not fulfil agreed obligations and that any collateral deposited does not cover the Group's claim. Most of the credit risk to Nordea Bank Danmark arises from lending. Credit risk also arises from other types of existing or future claims, such as bonds and other interest-bearing instruments, off-balance-sheet commitments, like guarantees, documentary credits and unutilised credit lines as well as from trading in financial instruments,

such as derivative instruments. Nordea's definition of credit risk also covers country risk, transaction risk and settlement risk.

Risk limitation is primarily accomplished by maintaining quality and discipline in the credit process. Credit policy and credit instructions provide support and guidance in credit operations.

### Risk management and control

The Group has a special decision-making process to establish credit limits. For most engagements, a credit limit is set, establishing conditions for lending, the effect of which is to limit the credit risk.

Credit risk is also controlled through the application of limits to industry sectors.

One account manager is appointed for each customer account. This person is responsible for ensuring that the credit extended is adapted to the individual customer's repayment capacity. Credit risk is controlled through monitoring the customer's compliance with the agreement and in that any lessening of the customer's ability to pay triggers measures that restrict credit risk.

If the bank considers it probable that a loan will not be fully paid, either by the customer, through assets pledged or by other source, the loan is considered doubtful. A provision is set up for the amounts not expected to be recovered.

### Analysis of credit risks

#### Loans to the public

Nordea Bank Danmark's lending to the public increased in 2002 by 6.8% to DKK 295bn (DKK 277bn), of which 86.3% (86.7%) pertained to borrowers in Denmark and other Nordic countries. Lending to the corporate sector accounted for 58.7% (59.1%) of the exposure. The household sector's percentage of exposure declined to 40.1% (39.0%), while the public sector accounted for 1.2% (1.9%).

Lending to the corporate sector amounted to DKK 173bn (DKK 164bn) at the end of 2002. Property management companies accounted for 7.9% (8.5%), of which housing financing accounted for a significant portion. The share of the manufacturing industry was 14.6% (19.5%) while consulting and service companies, including rental operations, accounted for 11.2% (11.3%). At the end of 2002, the telecom sector, which is included in the latter two categories, accounted for 6.0% (9.2%) of lending to the corporate sector.

Lending to the household sector amounted to DKK 119bn (DKK 108bn), of which 73.5% (76.9%) consisted of mortgage loans.

Assets in the form of bonds and other interest-bearing instruments amounted to DKK 116bn (DKK 122bn) and the credit exposure arising from derivative instruments to DKK 19.2bn (DKK 15.2bn).

Lending to the public sector amounted to DKK 3.5bn (DKK 5.2bn), of which 62.9% (47.5%) was to municipalities.

Loans and advances to credit institutions  
Lending to credit institutions amounted at the end of the year to DKK 135bn (DKK 98bn), of which 99.5% (98.9%) was with a maturity of less than one year.

#### Impaired loans

Gross impaired loans decreased during the year by 12.6% (in 2001 an increase of 3.5%) to DKK 7.2bn (DKK 8.2bn), of which DKK 5.9bn (DKK 6.9bn) were corporate loans and DKK 1.3bn (DKK 1.3bn) loans to private persons. The net amount, after a DKK 6.5bn (DKK 7.1bn) deduction for provisions for bad and doubtful loans, was DKK 0.7bn (DKK 1.2bn), corresponding to 0.24% (0.38%) of the total volume of loans outstanding.

#### Country risk

Country risk is a credit risk connected to transfer of money between countries, arising when the economic and political landscape changes in a way that can lead to difficulties in transferring liquid funds and make it more difficult for counterparties to fulfil their commitments. Country risk is assessed with the help of an external institution that continuously assesses different countries' economic and political status.

#### Off-balance sheet commitments

The bank's business operations include a considerable proportion of off-balance-sheet items. These include commercial products such as guarantees, documentary credits, credit commitments, etc. Credit commitments amounted to DKK 13.7bn (DKK 14.4bn), while guarantees were DKK 30.7bn (DKK 20.2bn).

#### Market risk

Nordea Bank Danmark defines market risk as potential loss in the form of reduced market value resulting from movements in financial market variables, such as interest rates, currency exchange rates, and equity and commodity

prices. Market risk is divided into interest rate, currency, equity and commodity risk.

Market risk exposure is connected primarily to trading operations conducted by the Group on its own behalf and with the investment portfolios of the treasury operations. Nordea Markets is also subject to a lesser risk in conjunction with their customer service and market making activities.

The Board of Directors decides risk levels, methods of risk measurement and limits regarding total market risk, while the asset and liability management committee (ALCO) decides how to distribute market risk limits among the business areas. The business area limits are established to comply with business strategies.

Nordea Bank Danmark's market risk is assessed using the Value at Risk method (VaR), various standardised sensitivity measures, various combined scenario simulations and stress testing.

Exposure to interest-rate risk arises when there is a lack of balance in the interest rate structure between assets and liabilities and corresponding off-balance-sheet items. Overall limits on interest price risk – that is, the types of interest-rate risk that can lead to loss arising from a change in the market value of interest rate products which is unfavourable for Nordea – are based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to DKK 203.9m. The non-linear risk amounted to DKK 102.0m.

Exposure to currency risk arises when assets and liabilities in the same currency are of unequal amounts. Overall limits are based on VaR for linear risk and scenario simulation for non-linear risk. At the end of 2002, the VaR risk amounted to DKK 33.0m. Non-linear risk amounted to DKK 38.4m. Overall limits for equity risk are based on VaR for linear risk. At the end of 2002, equity risk amounted to DKK 189.9m.

#### Operational risk

Nordea Bank Danmark defines operational risk as the risk of incurring losses, including damaged reputation, due to deficiencies or errors in internal processes and control routines or by external events and relations that affect operations.

Solid internal control and quality assurance, which are best achieved through a system for

risk management, strong leadership and skilled personnel, are the key to successful operational risk management.

Since financial services are to a great extent information processing, considerable emphasis is placed on information security (that is, access control) in the processes. Preparedness planning and increased readiness to act in crisis management are key considerations for the management of larger incidents. The physical safety of bank employees and customers is also given high priority.

### **Personnel**

The number of staff expressed as full-time equivalents fell by 365 from 8,687 to 8,322.

### **Environmental concerns**

In accordance with Group Corporate Citizenship Principles Nordea Bank Danmark is committed to sustainable development by combining financial performance with environmental and social responsibility, caring for the environment and working to reduce the negative and to increase the positive environmental impact of its business activities.

The Group will adopt an environmental policy that will provide guidance on how the group entities will manage and control environmental issues in their own operations, supporting the reduction of related costs and business risks to the Group.

The policy will also guide policymaking and business initiatives regarding financial involvement by business units and cooperation with suppliers.

### **Legal proceedings**

The companies of the Nordea Bank Danmark Group are involved in various legal proceedings. The expected outcome of these proceedings will not materially affect the financial position of the Nordea Bank Danmark Group.

### **Post-balance-sheet events**

The Danish Financial Supervisory Authority has changed the Executive Order on the Presentation of Accounts, etc., by Credit Institutions, Specialised Credit Institutions and Certain Savings and Lending Institutions with effect from 1 January 2003 concerning unlisted securities and intangible assets. The change is of particular importance to unlisted shares which are to be stated at fair value. According to the current accounting policies unlisted shares are included at the lower of cost and market value

based on a conservative estimate. For intangible assets, including goodwill, the change implies that intangible assets must be capitalised and depreciated over their useful lives, however, this only applies to acquisitions in 2003 and ahead. According to the current accounting policies intangible assets are immediately taken to the income statement apart from goodwill which is eliminated directly against reserves.

### **Outlook**

For 2003, growth in the four Nordic economies is expected to be low, leading to limited potential for increased revenues. An increase in short-term interest rates, which may improve interest rate margins, is not expected until late 2003, at the earliest. To a certain extent the income in the Group also depends on the development in the capital markets.

A sharp attention on cost control will be maintained aiming at adjusting the cost base in order to meet Nordea's financial targets. If the revenues fall short of expectations, further measures to improve cost efficiency will be considered.

The increased uncertainty in the global economy may lead to a deterioration in credit quality in the medium term. The target for average loan losses over a business cycle, maximum 0.40% of loans, remains unchanged. Based on the quality of the portfolio as well as the present economic outlook for the Nordic countries, Nordea has no reason to believe that loan losses will exceed this average level in 2003.

## Nordea Bank Danmark Group and Nordea Bank Danmark A/S

### Income statement

(DKK m)	Note	Group 2002	2001	Parent company 2002	2001
Interest receivable	25	25,846	27,910	18,530	20,916
Interest payable	26	17,593	19,799	11,446	13,887
Net interest income		8,254	8,111	7,084	7,029
Dividend income	27	217	305	217	304
Fees and commissions receivable		2,767	2,286	2,908	2,404
Fees and commissions payable		622	441	513	351
<b>Net interest and fees receivable</b>		10,616	10,261	9,696	9,386
Securities and foreign exchange result	28	-381	214	-406	78
Other operating income	29	283	341	184	225
Staff and administrative expenses	31	6,425	6,324	6,178	6,022
Amortisation, depreciation and write-down of intangible and tangible assets	41, 42	293	351	225	282
Other operating expenses	32	6	14	4	7
Provisions for bad and doubtful debts		381	1,066	301	1,106
Profit on shares in associated and group undertakings	33	280	-4	925	780
<b>Operating profit before tax</b>		3,693	3,059	3,689	3,052
Tax	34	1,070	991	1,066	984
<b>Profit for the year</b>		2,623	2,068	2,623	2,068
<b>Distribution of profit</b>					
Profit for the year				2,623	2,068
Transfer from retained profits				-	10
Total amount available for distribution				2,623	2,078
Dividend				1,671	1,500
Transfer to net revaluation reserve according to the equity method				606	578
Transfer to unrestricted shareholders' equity				347	-
Total distribution of amount available				2,623	2,078

## Nordea Bank Danmark Group and Nordea Bank Danmark A/S

### Balance sheet at 31 December

(DKKm)	Note	Group		Parent company	
		2002	2001	2002	2001
<b>Assets</b>					
Cash in hand and balances at call due from central banks		4,291	2,583	4,287	2,583
Bills eligible for refinancing with central banks		39	26	39	26
Balances due from credit institutions and central banks	20, 37	135,234	98,324	135,723	91,042
Lending	11, 21	295,496	276,746	178,619	176,065
Debt securities	38	116,268	122,629	106,077	110,854
Shares etc	39	9,475	13,502	9,472	13,501
Shares in associated undertakings	40	585	336	585	306
Shares in group undertakings	40	77	144	7,397	7,398
Intangible assets	41	-	-	-	-
Tangible assets	42	3,330	3,478	2,143	2,260
Other assets	43	84,823	41,269	84,220	40,892
Prepayments		282	326	284	328
<b>Total assets</b>		<b>649,900</b>	<b>559,362</b>	<b>528,845</b>	<b>445,254</b>
<b>Liabilities</b>					
Balances due to credit institutions and central banks	22, 44	172,045	158,388	179,814	162,015
Deposits	23, 45	171,778	171,718	173,029	173,196
Debt securities in issue	24	135,496	133,133	9,214	17,072
Other liabilities	46	141,484	68,871	137,717	65,744
Deferred income		27	27	0	1
Provisions for liabilities and charges	47	1,215	1,511	1,215	1,511
Subordinated liabilities	5	9,464	8,276	9,464	8,276
Minority interests		-	-	-	-
Total shareholders' equity:					
Share capital		5,000	5,000	5,000	5,000
Share premium account		1,534	1,534	1,534	1,534
Reserves		1,831	1,225	1,831	1,225
Profit retained in previous years		9,681	9,681	9,681	9,681
Profit retained for the year		347	-	347	-
Total shareholders' equity	1, 2	18,392	17,440	18,392	17,440
<b>Total liabilities</b>		<b>649,900</b>	<b>559,362</b>	<b>528,845</b>	<b>445,254</b>
<b>Off-balance-sheet items</b>					
Contingent liabilities	6	30,656	20,171	69,427	56,405
Commitments	6	13,727	15,983	13,727	14,638
<b>Total off-balance-sheet items</b>		<b>44,383</b>	<b>36,154</b>	<b>83,154</b>	<b>71,044</b>

#### Notes

The subsequent notes nos 1-56 on pages 22-48 form an integral part of the financial statements.

## Nordea Bank Danmark Group Companies

(DKKm)	Issued share capital 31 December		Shareholders' equity 31 December	
	2002	2001	2002	2001
<b>Nordea Bank Danmark A/S</b>				
Subsidiary undertakings:				
Nordia ApS	•	0	•	0
Nordea Konferencenter Klarskovgaard A/S, Korsør	1	1	39	38
Nordea Private Equity Holding A/S	•	1	•	5
Nordea Private Equity I A/S	•	1	•	1
Nordea Kredit Realkreditaktieselskab	1,063	1,063	5,824	5,435
Nordea Finans Danmark A/S, Høje Taastrup	406	406	1,005	1,004
Tamworth Trading Pte. Ltd., Singapore	2	3	2	3
Ulos AS, Norway	0	0	0	0
Øxenøen Bruk AS, Norway	0	0	0	0
DanBolig A/S	1	1	3	3
Structured Finance Servicer A/S	2	2	7	6
Nordea Ejendomme A/S	137	137	260	260
Forstædernes Ejendomsaktieselskab	1	1	197	182
Helgeshøjparkens Ejendomsselskab A/S	1	1	69	56
CBAS Holding A/S (formerly Nordeapurpose Danmark nr. 2 A/S)	•	1	•	1
ArosMaizels Investment Bank A/S in liquidation	•	50	•	277
Aros Securities Oy in liquidation, Helsinki	27	27	41	44
Unipurpose Norge AS	•	38	•	39
Nordea Finance Ltd., London	0	0	45	43
Hermes Mortgage Ltd., London	0	0	0	0
Nordea Nominees Ltd., London	0	0	0	0
Unidanmark Asset Company Ltd., London	0	0	0	0
Unidanmark Trade Services Ltd., Hong Kong	0	0	0	0
Nordea Securities Inc., Delaware, New York	106	126	36	42
Aktieselskabet af 10. oktober 1985	15	15	59	57
Unipure, Sverige AB, Stockholm	178	176	213	203

The international branches are consolidated in the accounts of Nordea Bank Danmark A/S. All the subsidiary undertakings are 100% owned by the Nordea Bank Danmark Group. The registered offices of the subsidiary undertakings are situated in Copenhagen, unless otherwise stated.

Nordea Bank Danmark A/S has provided security for subsidiary undertakings as follows: DKK 39,222m (2001: DKK 38,662m) for subsidiary undertakings consolidated in the accounts and DKK 0m (2001: DKK 0m) for unconsolidated subsidiary undertakings.

(DKK m)	According to the latest annual accounts*						Balances due to the Group		Balances due from the Group		The Group's other off-balance sheet commitments	
	Issued share capital		Sh E		Profit/(loss)							
	31 December 2002	31 December 2001	31 December 2002	31 December 2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>Other companies</b>												
A/S Ejendomsselskabet af 9/1-90, Copenhagen	15	15	4	4	0	0	-	-	4	4	-	-
Maycon Byg A/S (in bankruptcy), Næstved	4	4	-	-	-	-	-	-	0	0	-	-
Nova Galaxies Corp., Panama	0	•	0	•	•	•	0	•	-	•	-	•
Mediehuset 2 A/S, Copenhagen	1	1	-8	-8	-0	1	-	-	0	0	-	-
Fly Finance 1 Ltd., UK	0	0	4	1	3	-0	-	-	-	-	-	-
H.N.S. A/S af 1995, Næstved	1	1	-4	-3	-0	-0	0	0	-	-	-	-
Hejrevej ApS, Copenhagen	0	0	0	0	-0	-1	5	5	5	-	-	-
<b>Total</b>	<b>21</b>	<b>21</b>	<b>-4</b>	<b>-6</b>	<b>3</b>	<b>0</b>	<b>5</b>	<b>5</b>	<b>10</b>	<b>5</b>	<b>0</b>	<b>0</b>

All companies are 100% owned by the Nordea Bank Danmark Group.

The above companies have been acquired for the purpose of participating in their restructuring or with a view to settling previously contracted commitments. Consequently, they are not consolidated. Balances due to and from the Group do not include balances with their subsidiary undertakings.

The Nordea Bank Danmark Group has entered into agreements with six small undertakings, as a result of which these undertakings are to be considered group undertakings. Furthermore, Nordea Bank Danmark has three group undertakings, Industri Kapital 1989 Limited Partnerships I-III, the UK (shareholding 67%, 58% and 67% respectively), which were associated undertakings in 2001. These group undertakings have not been entered in the consolidated accounts as they carry on limited and, compared to Nordea Bank Danmark, insignificant activities. The combined shareholders' equity of these undertakings amounts to approximately DKK 2m (2001: DKK 1m). Total balances due from the Nordea Bank Danmark Group to these undertakings amount to DKK 0m (2001: DKK 0m). In the subsidiary undertaking Nordea Finans Danmark A/S a number of limited partnerships have been established in connection with the company's lease loans. The capital injected into each limited partnership is treated as an undivided share that is included in Nordea Finans Danmark's accounts as lending.

\* For this or previous financial years.

(DKK m)	According to the latest annual accounts*						Balances due to the Group		Balances due from the Group		Shareholding % (according to voting rights)	
	Issued share capital		Sh E		Profit/(loss)							
	31 December 2002	2001	31 December 2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>Associated undertakings</b>												
Investeringsselskabet af 23. marts 2001 A/S, Copenhagen	11	11	164	-	61	-	-	-	279	0	51	51
A/S CVY af 15.10.92 (in bankruptcy), Struer	-	10	-	-	-	-	-	0	0	-	50	50
Ejendomsaktieselskabet Kildebrøndegaard in liquidation, Birkerød	•	5	•	-0	•	-0	•	0	•	-	•	50
Ceboline A/S, in suspension of payments, Silkeborg	1	1	4	4	-0	-0	3	3	0	-	40	40
Vordingborg Erhvervshuse ApS, Vordingborg)	0	0	0	0	0	-0	1	0	-	-	40	40
LRF Kredit A/S, Copenhagen	150		3,220		132		-		1,270		39	
Content Billing A/S, Ballerup	•	1	•	-	•	-	•	-	•	1	•	38
Ejendomsselskabet Axelborg I/S, Copenhagen	-	-	51	48	3	3	59	39	4	1	33	33
Projektformidling Midt A/S, Århus	1	1	2	2	0	1	3	3	-	-	33	33
Axcel IKU Invest A/S, Billund	259	259	401	389	-10	116	0	-	-	0	33	33
KFU-AX II A/S, Frederiksberg	18	18	86	-	-3	-	-	-	0	0	33	33
Industrikapital 1989 Limited Partnership I, UK	•	46	•	1	•	1	•	-	•	-	•	32
Industrikapital 1989 Limited Partnership IV, UK	47	46	0	1	0	1	-	-	-	-	29	29
PBS Holding A/S, Ballerup	201	201	244	236	309	287	-	-	-	-	28	28
Dankort A/S, Kirke Værløse	40		60		7		•		•		28	•
CBAS Holding A/S, Copenhagen	1		1		0		•		0		27	•
Symbion Capital I A/S, Copenhagen	•	25	•	-	•	-	•	-	•	43	•	25
Conair A/S in liquidation, Copenhagen	n.a.	20	10	9	3	-2	-	-	0	-	25	25
Hercules Estates A/S in liquidation, Copenhagen	•	200	•	107	•	5	•	-	•	110	•	25
Info Kredit A/S in liquidation, Copenhagen	•	1	•	12	•	5	•	-	•	-	•	25
Nordea Thematic Fund of Funds I K/S, Copenhagen	•	-	•	43	•	-7	•	10	•	0	•	25
KIFU-AX II A/S, Frederiksberg	27	27	117	-	-17	-	-	-	0	0	25	25
Aston Group A/S, Copenhagen	1	4	223	40	-108	-248	140	337	1	0	25	23
Industrikapital 1989 Limited Partnership II, UK	•	46	•	1	•	1	•	-	•	-	•	23
Industrikapital 1989 Limited Partnership III, UK	•	46	•	1	•	1	•	-	•	-	•	21



(DKKm)	According to the latest annual accounts*						Balances due to the Group		Balances due from the Group		Shareholding % (according to voting rights)	
	Issued share capital		Sh E		Profit/(loss)							
	31 December 2002	2001	31 December 2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>Other significant holdings of shares</b>												
Kastrup Midtpunkt Aps, Copenhagen	0	0	0	0	0	-0	-	-	0	0	33	33
<b>Undertakings in which the Group holds more than 10% of the share capital</b>												
KW Invest Investor ApS	15	15	145	145	-0	-0					17	17
Symbion Capital I A/S, Copenhagen	38	•	62	•	-13	•					17	•
Norgesinvestor AS, Norway	140	•	126	•	-17	•					17	•
Nordea Thematic Fund of Funds I /K/S, Copenhagen	154	•	120	•	-27	•					16	•
Norgesinvestor III AS, Norway	48	•	56	•	-2	•					16	•
Industri Kapital 1994 Limited Partnership IV, Jersey	164	•	227	•	1	•					16	•
Aktieselskabet af 09.01.02 in bankruptcy (formerly Tangora Software A/S), Aalborg	•	1	•	5	•	-2					•	14
InnKap 2 Partnerskb, Sweden	227	•	130	•	-39	•					14	•
Industri Kapital 2000 Limited Partnership II, Jersey	1,293	•	1,246	•	8	•					14	•
Topsil Semiconductor Materials A/S, Frederikssund	•	57	•	23	•	-38					•	13
Mobicare A/S (in compulsory dissolution), Copenhagen	•	1	•	2	•	-1					•	13
Industri Kapital 1994 Limited Partnership I, Jersey	198	•	274	•	1	•					13	•
Jokan Systems A/S, Purhus	23	23	26	29	-4	-2					12	12
FSN Capital Limited Partnership I, Jersey	364	•	358	•	-2	•					12	•
Håndværkets Byfornyelse S.M.B.A., Copenhagen	14	14	11	11	-0	-0					11	11
Copenhagen Stock Exchange A/S, Copenhagen	40	40	143	103	53	21					11	11
VP Securities Services, Høje Taastrup	40	40	152	126	27	34					11	11
Brødrene A. & O. Johansen, A/S, Albertslund	•	57	•	348	•	22					•	10
Realkreditnettet A/S, Copenhagen	10	10	17	32	-15	-7					10	10

In addition, the Nordea Bank Danmark Group holds at least 10% of the share capital in 13 companies (2001: 15) in which the shareholding has no book value. Balances due to the Nordea Bank Danmark Group amount to DKK 27m (2001: DKK 224m) and balances due from the Group amount to DKK 2m (2001: DKK 5m). The Group's other obligations amount to DKK 0m (2001: DKK 0m). Balances due to and from the Group do not include balances with their subsidiary undertakings.

The Nordea Bank Danmark Group holds units, booked under Shares etc, in funds managed by Nordea Investment Management Fund, SICAV, in Luxembourg with a view to resale. The Nordea Bank Danmark Group's shareholding during the period of introduction exceeds 20% and 50% respectively.

\* For this or previous financial years.

## Nordea Bank Danmark Group

### Consolidated cash flow statement

(DKKm)	2002	Group 2001
<b>Operating activities</b>		
Profit for the year	2,623	2,068
Adjustment for amounts in the profit for the year with no effect on cash flow:		
Provisions for bad and doubtful debts	381	1,066
Amortisation, depreciation and write-down of intangible and tangible assets	293	351
Profit on shares in associated and group undertakings	280	-4
Prepayments and deferred income (net)	44	-248
Provisions for liabilities and charges	-296	1,345
Tax	1,368	805
Adjustment for amounts affecting cash flow:		
Tax paid	-1,325	-1,029
<b>Working capital:</b>		
Credit institutions net	-25,011	37,634
Lending adjusted for provisions for bad and doubtful debts for the year	-19,131	-5,536
Debt securities	8,160	-30,994
Current asset investments, shares etc	4,030	2,684
Other working capital	28,845	-1,055
Deposits	60	-5,115
Mortgage bonds in issue	10,220	28,993
Net cash inflow/(outflow) from operating activities	10,541	30,965
<b>Investing activities</b>		
Fixed asset investments, shares etc	-3	144
Fixed asset investments, shares in associated and group undertakings	-461	-48
Goodwill on the acquisition of shares in group undertaking	0	-2,466
Tangible assets	-145	-256
Net cash inflow/(outflow) from investing activities	-609	-2,626
<b>Financing</b>		
Debt securities in issue, excluding mortgage bonds	-7,857	-17,776
Subordinated liabilities	1,188	243
Dividends paid in respect of previous years	-1,500	-5,700
Net cash inflow/(outflow) from financing	-8,169	-23,233
Increase/(decrease) in cash and cash equivalents	1,763	5,106
Cash and cash equivalents at 1 January	25,091	19,987
<b>Cash and cash equivalents at 31 December</b>	<b>26,853</b>	<b>25,0917</b>

Changes in securities holdings, excluding shares in associated and group undertakings, include unrealised gains.

## Notes

# Nordea Bank Danmark Group and Nordea Bank Danmark A/S

### Accounting policies

No changes have been made to the accounting policies applied in the previous year.

#### Basis of preparation

##### Legislation

The accounts of Nordea Bank Danmark A/S and the Nordea Bank Danmark Group have been prepared in accordance with the requirements for the presentation of accounts by Danish commercial banks and savings banks.

##### Consolidated accounts

The consolidated accounts incorporate the accounts of the parent company and its subsidiary undertakings, which comply with the accounting policies of the Group.

In preparing the consolidated accounts, items of a uniform nature have been combined. The book value of the consolidated companies is offset against the proportionate share of the subsidiary undertakings' net asset value. Intragroup balances, income and charges as well as gains and losses have been eliminated.

Subsidiary undertakings acquired are included in the consolidated accounts from the date of acquisition. Subsidiary undertakings sold are included in the consolidated accounts for the period up to the date of their disposal.

Goodwill arising on acquisition of subsidiary and associated undertakings is deducted from shareholders' equity.

Companies which are operated temporarily in settlement of previously contracted commitments or for the purpose of participating in the restructuring of the undertakings concerned, are not included in the consolidated accounts. Subject to an assessment in each case, subsidiary undertakings with minor and, compared with the parent company, insignificant activities have not been consolidated.

##### Intragroup transactions

Transactions between Nordea Bank Danmark A/S and other group companies are made on market terms or settled on the basis of the actual costs incurred.

#### Principal accounting policies and valuations

##### General

Income and charges are stated on an accrual basis with the exception of a number of fees which are taken to income and charges when due. Interest accruing on non-performing commitments is not credited to the income statement.

##### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Danish kroner at the official rates of exchange of the Danish central bank at the balance sheet date.

Income and charges denominated in foreign currencies are translated into Danish kroner at the rates of exchange ruling on the date the transactions are booked. All adjustments are recorded in the income statement.

##### Credits

Credits comprise balances due from credit institutions, ordinary loans and advances, mortgage loans and finance lease assets.

Credits are stated at their value on the date the transaction was made, net of principal payments and loan loss provisions.

Credits are critically reviewed on an ongoing basis to assess the risk of losses and, where necessary, write-offs or provisions have been made to cover losses.

Provisions against losses are made on an individual assessment and cover both the risk arising from the individual borrower's ability to repay and the risk associated with politically or financially unstable countries.

General provisions against losses on minor commitments are made on the basis of statistical analysis.

Amounts due from customers are written off against the provisions when it is considered that the customer will not be able to repay the amount due.

Fixed-income assets are written down to the market value of comparable assets. Certain fixed-income assets, the interest rate exposure of which is hedged, are not written down.

Mortgage loans, including amortisation accounts for cash loans, and related mortgage-backed bonds are stated in the balance sheet at nominal value, net of principal payments and loan loss provisions.

##### Securities

Listed securities are marked to market. Unlisted securities which are not traded in a market are included at the lower of cost and market value based on a conservative estimate.

Shares in Nordea AB are marked to market.

##### Derivatives

Derivatives include spot transactions, forward contracts, financial futures, swap contracts, forward rate agreements and options.

Derivatives are marked to market unless they are held for the purpose of hedging the interest rate exposure related to fixed-income assets and fixed-interest liabilities.

##### Shares in associated and group undertakings and other significant holdings of shares

Shares in associated and group undertakings and other significant holdings of shares are stated according to the equity method.

Non-Danish krone assets and liabilities of foreign branches and subsidiary undertakings are translated into Danish kroner at the official rates of the Danish central bank ruling on the balance sheet date and non-Danish krone income statement items are translated at the average rates for the accounting period.

Companies which are operated temporarily in settlement of previously contracted commitments or for the purpose of participating in the restructuring of the companies concerned are recorded at the lower of cost and estimated value.

**Tangible assets**

The bank includes land and buildings, and machinery and equipment at cost adjusted for any improvements, depreciation and write-downs made.

If the value of the assets is lower and the impairment in value is not considered temporary, such assets are entered at the lower value.

Depreciation is made on the basis of a conservative estimate of the assets' useful lives and residual value, if any.

Machinery and equipment are depreciated systematically over a maximum period of five years. Assets of less than DKK 100,000 are fully depreciated in the year of acquisition, except for assets acquired as part of a specific project, which are treated as one asset. Depreciation of buildings is provided on a straight line basis over a maximum period of 75 years. The cost of land is not depreciated.

**Pension commitments**

Pension commitments are covered either in an independent pension fund or through an insurance company. There are no further pension commitments towards the staff.

**Taxation**

Nordea Bank Danmark A/S is taxed on a pooled basis with the majority of the company's subsidiary undertakings. The total Danish tax on the year's taxable income, including deferred tax, is recorded and paid by Nordea Bank Danmark A/S.

The estimated tax on the year's taxable income and the movement in provisions for deferred tax are charged to the income statement.

The accumulated deferred tax liability resulting from differences between the accounting and taxation treatment of assets and liabilities is shown in the balance sheet.

**Consolidated cash flow statement**

The cash flows are shown according to the indirect method on the basis of the profit for the year adjusted for illiquid items. The change for the year in cash and cash equivalents is the sum total of the adjusted profit and changes in assets and liabilities from 1 January to 31 December.

Cash and cash equivalents comprise cash in hand, balances at call due from central banks, bills eligible for refinancing with central banks, balances at call and day-to-day balances with credit institutions, and liquid securities. The liquid securities are adjusted for bonds applied and received in connection with repos/reverse repos.

## Shareholders' equity and capital adequacy

### Note 1 Shareholders' equity

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Shareholders' equity at 1 January	17,440	19,338	17,440	19,338
Disposals:				
Split-off of Nordea Securities Bank Danmark A/S	-	-201	-	-201
Split-off of Nordea Asset Management Bank Danmark A/S	-	-1,309	-	-1,309
Inverse vertical merger with Nordea Uni Holding Danmark A/S	-	-957	-	-957
	17,440	16,872	17,440	16,872
Profit for the year	2,623	2,068	2,623	2,068
Dividend	-1,671	-1,500	-1,671	-1,500
Shareholders' equity at 31 December	18,392	17,440	18,392	17,440

### Note 2 Movements in shareholders' equity, Nordea Bank Danmark A/S

(DKK m)	Share capital	Share premium account	Subsidiary reserve*	Retained profits	Total shareholders' equity
At 1 January	5,000	1,534	1,225	9,681	17,440
Transfer from the profit for the year	•	•	606	347	952
At 31 December	5,000	1,534	1,831	10,028	18,392

\* Net revaluation reserve according to the equity method.

The share capital of Nordea Bank Danmark A/S consists of 50 million shares of DKK 100 each, all fully owned by Nordea Bank Finland Plc.

### Note 3 Capital adequacy data

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Computed according to the Danish Financial Supervisory Authority's Executive Order on capital adequacy rules for credit institutions etc.				
<b>Capital ratios</b>				
Total capital ratio computed according to section 21(1) of the Danish Commercial Banks and Savings Banks Act (%)	9.8	9.7	10.5	10.1
Tier 1 capital as % of total risk-weighted amounts (%)	6.7	6.7	7.1	6.9

### Capital structure as well as risk-weighted assets and off-balance-sheet items

Tier 1 capital	18,316	17,297	18,316	17,297
Capital resources and short-term supplementary capital	26,909	25,154	26,909	25,154
Risk-weighted amounts not part of the trading portfolio	231,347	233,819	211,902	221,521
Risk-weighted amounts with market risk	42,714	26,193	44,912	27,515
Total risk-weighted amounts	274,061	260,012	256,814	249,036

### Note 4 Post-balance-sheet events

No events have occurred after the balance sheet date which materially affect the financial position of the Nordea Bank Danmark Group.

**Note 5 Subordinated liabilities**

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Securities with indefinite terms to maturity and other instruments, see section 22(1) of the Danish Commercial Banks and Savings Banks Act				
Nom USD 150m, repayable on 30 September 2005, floating rate	•	1,261	•	1,261
Nom USD 150m, repayable on 17 May 2006, floating rate	1,062	1,261	1,062	1,261
Nom USD 200m, repayable on 31 May 2007, floating rate	1,416	1,682	1,416	1,682
Nom DEM 250m, repayable on 26 September 2007, floating rate	949	951	949	951
Nom USD 150m, repayable on 24 June 2008, floating rate	1,062	1,261	1,062	1,261
Nom EUR 250m, repayable on 26 May 2009, floating rate	1,856	1,859	1,856	1,859
Nom EUR 300m, repayable on 27 September 2010, floating rate	2,227	•	2,227	•
Nom EUR 120m, repayable on 23 December 2010, floating rate	891	•	891	•
<b>Total</b>	<b>9,464</b>	<b>8,276</b>	<b>9,464</b>	<b>8,276</b>
Subordinated liabilities that may be included in capital resources	9,457	8,259	9,457	8,259
Expenses relating to the raising and repayment of subordinated liabilities	0	0	0	0

## Contingent liabilities and commitments

### Note 6 Contingent liabilities and commitments

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Contingent liabilities:				
Financial guarantees	4,363	4,727	43,152	39,959
Other guarantees	26,144	15,306	26,125	16,308
Acceptances and endorsements etc	149	138	149	138
Total contingent liabilities	30,656	20,171	69,427	56,405
Commitments:				
Irrevocable standby facilities	13,677	14,412	13,677	14,412
Other commitments	50	1,571	50	226
Total commitments	13,727	15,983	13,727	14,638

### Note 7 Contingencies

Nordea Bank Danmark A/S has entered into lease agreements with group companies, which will expire within five years.

The capitalised value of these agreements is

Other lease commitments	•	•	73	97
	61	•	61	•

The Nordea Bank Danmark Group has a contractual liability for rent of DKK 131m (2001: DKK 125m) in respect of leases with a notice of termination exceeding 12 months. The remaining periods to termination extend to 16 years and six months.

Nordea Bank Danmark A/S is taxed on a pooled basis with the majority of the company's subsidiary undertakings and Nordea Bank Danmark A/S and these companies are jointly and severally liable for corporation tax.

In terms of payroll tax and VAT, Nordea Bank Danmark A/S is registered jointly with Nordea, Branch of Nordea AB, Sweden and with the majority of the Danish subsidiary undertakings in the Nordea AB Group and these companies are jointly and severally liable for such taxes.

As a result of the demerger of Nordea Bank Danmark A/S at 1 January 2001, Nordea Bank Danmark A/S is jointly and severally liable, pursuant to section 136(3) of the Danish Companies Act, with Nordea Investment Management Bank A/S (formerly Nordea Asset Management Bank Danmark A/S) and Nordea Securities Bank Danmark A/S in liquidation for Nordea Bank Danmark A/S's obligations at the date of the announcement of the demerger. The liability is maximised to the shareholders' equity of Nordea Bank Danmark A/S at this date.

As a result of the demerger of Nordea Companies Denmark (NCD) A/S at 1 January 2001 and the subsequent merger between Nordea Uni Holding Danmark A/S and Nordea Bank Danmark A/S, Nordea Bank Danmark A/S is jointly and severally liable, pursuant to section 136(3) of the Danish Companies Act, with Nordea IB Holding Danmark A/S, Nordea AM Holding Danmark A/S and Nordea INS Holding A/S for Nordea Companies Denmark (NCD) A/S's obligations at the date of the announcement of the demerger. The liability is maximised to the shareholders' equity of Nordea Uni Holding Danmark A/S at this date.

## Financial instruments

### Note 8 Derivatives, nominal value, by remaining term to maturity

(DKKm)	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	2001
<b>Nordea Bank Danmark Group</b>						
<b>Foreign exchange derivatives</b>						
Forward contracts/futures, bought	368,817	110,272	9,107	473	488,669	494,124
Forward contracts/futures, sold	345,277	95,206	7,608	28	448,120	412,036
Swaps	8,468	29,100	131,141	55,347	224,056	98,380
Options, bought	26,978	17,837	7,701	-	52,515	18,717
Options, written	23,524	19,241	8,288	-	51,053	20,167
<b>Interest rate derivatives</b>						
Forward contracts/futures, bought	66,615	1,083	-	-	67,699	114,354
Forward contracts/futures, sold	42,335	23,229	12,852	-	78,416	114,268
Forward rate agreements, bought	-	275,368	100,740	-	376,108	596,087
Forward rate agreements, sold	-	261,326	102,786	-	364,113	585,522
Swaps	416,661	408,273	756,293	446,328	2,027,554	1,222,151
Options, bought	83,959	127,670	217,034	150,768	579,431	215,768
Options, written	69,028	107,704	200,761	144,539	522,032	190,360
<b>Equity derivatives</b>						
Forward contracts/futures, bought	2,896	-	-	-	2,896	3,217
Forward contracts/futures, sold	3,115	-	-	-	3,115	3,339
Options, bought	30,086	1,169	1,197	-	32,452	2,784
Options, written	30,080	1,169	1,197	-	32,446	2,784
<b>Nordea Bank Danmark A/S</b>						
<b>Foreign exchange derivatives</b>						
Forward contracts/futures, bought	368,817	110,272	9,107	473	488,669	494,160
Forward contracts/futures, sold	345,277	95,206	7,608	28	448,120	412,235
Swaps	8,468	29,100	131,141	55,347	224,056	98,380
Options, bought	26,978	17,837	7,701	-	52,515	18,717
Options, written	23,524	19,241	8,288	-	51,053	20,167
<b>Interest rate derivatives</b>						
Forward contracts/futures, bought	68,785	1,083	-	-	69,869	116,023
Forward contracts/futures, sold	44,505	23,299	12,852	-	80,586	114,272
Forward rate agreements, bought	-	275,368	100,740	-	376,108	596,087
Forward rate agreements, sold	-	261,326	102,786	-	364,113	585,522
Swaps	416,661	408,273	756,293	446,328	2,027,554	1,222,151
Options, bought	83,959	127,670	217,034	150,768	579,431	215,768
Options, written	69,028	107,704	200,761	144,539	522,032	190,360
<b>Equity derivatives</b>						
Forward contracts/futures, bought	2,896	-	-	-	2,896	3,217
Forward contracts/futures, sold	3,115	-	-	-	3,115	3,339
Options, bought	30,086	1,169	1,197	-	32,452	2,784
Options, written	30,080	1,169	1,197	-	32,446	2,784



**Note 8 Derivatives, net market value, by remaining term to maturity (continued)**

(DKKm)	Within 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total	2001
<b>Nordea Bank Danmark Group</b>						
<b>Foreign exchange derivatives</b>						
Forward contracts/futures, bought	4,082	653	-117	-3	4,616	-259
Forward contracts/futures, sold	-5,639	-1,421	-101	-1	-7,161	1,479
Swaps	257	131	766	-764	391	955
Options, bought	599	572	238	-	1,409	326
Options, written	-662	-604	-245	-	-1,511	-285
<b>Interest rate derivatives</b>						
Forward contracts/futures, bought	226	2	-	-	229	10
Forward contracts/futures, sold	-248	-20	-15	-	-283	134
Forward rate agreements, bought	-	-727	-239	-	-965	-742
Forward rate agreements, sold	-	676	237	-	913	691
Swaps	-788	1,252	-1,843	1,347	-32	-911
Options, bought	307	560	4,192	4,417	9,476	3,507
Options, written	-675	-690	-3,621	-5,413	-10,399	-3,290
<b>Equity derivatives</b>						
Forward contracts/futures, bought	-51	-	-	-	-51	27
Forward contracts/futures, sold	53	-	-	-	53	-26
Options, bought	611	1	63	-	675	167
Options, written	-641	-1	-63	-	-704	-167
<b>Net market value</b>					<b>-3,345</b>	<b>1,616</b>
<b>Nordea Bank Danmark A/S</b>						
<b>Foreign exchange derivatives</b>						
Forward contracts/futures, bought	4,082	653	-117	-3	4,616	-259
Forward contracts/futures, sold	-5,639	-1,421	-101	-1	-7,161	1,479
Swaps	257	131	766	-764	391	955
Options, bought	599	572	238	-	1,409	326
Options, written	-662	-604	-245	-	-1,511	-285
<b>Interest rate derivatives</b>						
Forward contracts/futures, bought	158	2	-	-	160	5
Forward contracts/futures, sold	-179	-20	-15	-	-215	134
Forward rate agreements, bought	-	-727	-239	-	-965	-742
Forward rate agreements, sold	-	676	237	-	913	691
Swaps	-788	1,252	-1,843	1,347	-32	-911
Options, bought	307	560	4,192	4,417	9,476	3,507
Options, written	-675	-690	-3,621	-5,413	-10,399	-3,290
<b>Equity derivatives</b>						
Forward contracts/futures, bought	-51	-	-	-	-51	27
Forward contracts/futures, sold	53	-	-	-	53	-26
Options, bought	611	1	63	-	675	167
Options, written	-641	-1	-63	-	-704	-167
<b>Net market value</b>					<b>-3,345</b>	<b>1,610</b>

**Note 9 Derivatives, market value**

(DKKm)	2002 Market value		2001 Market value	
	Positive	Negative	Positive	Negative
<b>Nordea Bank Danmark Group</b>				
<b>Foreign exchange derivatives</b>				
Forward contracts/futures, bought	14,648	10,033	5,337	5,596
Forward contracts/futures, sold	7,935	15,096	5,408	3,929
Swaps	6,415	6,025	3,967	3,013
Options, bought	1,409	-	326	-
Options, written	-	1,511	-	285
<b>Interest rate derivatives</b>				
Forward contracts/futures, bought	234	6	185	175
Forward contracts/futures, sold	1	285	376	242
Forward rate agreements, bought	2	967	126	868
Forward rate agreements, sold	915	2	820	129
Swaps	37,462	37,494	15,806	16,717
Options, bought	9,476	-	3,507	-
Options, written	-	10,399	-	3,290
<b>Equity derivatives</b>				
Forward contracts/futures, bought	5	56	27	0
Forward contracts/futures, sold	58	5	0	26
Options, bought	675	-	167	-
Options, written	-	704	-	167
<b>Total</b>	<b>79,237</b>	<b>82,581</b>	<b>36,052</b>	<b>34,436</b>
<b>Nordea Bank Danmark A/S</b>				
<b>Foreign exchange derivatives</b>				
Forward contracts/futures, bought	14,648	10,033	5,337	5,596
Forward contracts/futures, sold	7,935	15,096	5,408	3,929
Swaps	6,415	6,025	3,967	3,013
Options, bought	1,409	-	326	-
Options, written	-	1,511	-	285
<b>Interest rate derivatives</b>				
Forward contracts/futures, bought	239	79	180	175
Forward contracts/futures, sold	75	290	376	242
Forward rate agreements, bought	2	967	126	868
Forward rate agreements, sold	915	2	820	129
Swaps	37,462	37,494	15,806	16,717
Options, bought	9,476	-	3,507	-
Options, written	-	10,399	-	3,290
<b>Equity derivatives</b>				
Forward contracts/futures, bought	5	56	27	0
Forward contracts/futures, sold	58	5	0	26
Options, bought	675	-	167	-
Options, written	-	704	-	167
<b>Total</b>	<b>79,315</b>	<b>82,660</b>	<b>36,047</b>	<b>34,436</b>

**Note 9 Derivatives, market value** (continued)

(DKKm)	Average market value		Market value of unguaranteed contracts	
	Positive	Negative	Positive	Negative
<b>Nordea Bank Danmark Group</b>				
<b>Foreign exchange derivatives</b>				
Forward contracts/futures, bought	10,968	8,959	14,648	10,033
Forward contracts/futures, sold	7,256	11,594	7,935	15,096
Swaps	5,126	4,167	6,415	6,025
Options, bought	965	-	1,409	-
Options, written	-	1,018	-	1,511
<b>Interest rate derivatives</b>				
Forward contracts/futures, bought	374	35	234	6
Forward contracts/futures, sold	53	260	1	285
Forward rate agreements, bought	137	573	2	967
Forward rate agreements, sold	543	142	915	2
Swaps	24,679	25,692	37,462	37,494
Options, bought	9,539	-	9,476	-
Options, written	-	9,775	-	10,399
<b>Equity derivatives</b>				
Forward contracts/futures, bought	23	46	5	54
Forward contracts/futures, sold	51	28	57	5
Options, bought	676	-	675	-
Options, written	-	662	-	704
Total	60,389	62,950	79,235	82,580
After netting			19,224	
<b>Nordea Bank Danmark A/S</b>				
<b>Foreign exchange derivatives</b>				
Forward contracts/futures, bought	10,968	8,959	14,648	10,033
Forward contracts/futures, sold	7,256	11,594	7,935	15,096
Swaps	5,126	4,167	6,415	6,025
Options, bought	965	-	1,409	-
Options, written	-	1,018	-	1,511
<b>Interest rate derivatives</b>				
Forward contracts/futures, bought	370	56	239	79
Forward contracts/futures, sold	71	261	75	290
Forward rate agreements, bought	137	573	2	967
Forward rate agreements, sold	543	142	915	2
Swaps	24,679	25,692	37,462	37,494
Options, bought	9,539	-	9,476	-
Options, written	-	9,775	-	10,399
<b>Equity derivatives</b>				
Forward contracts/futures, bought	23	46	5	54
Forward contracts/futures, sold	51	28	57	5
Options, bought	676	-	675	-
Options, written	-	662	-	704
Total	60,404	62,973	79,314	82,659
After netting			19,236	

Average market values are based on quarterly calculations.

**Note 10 Spot transactions**

(DKKm)	Nominal value	Market value		Net market value
		Positive	Negative	
Nordea Bank Danmark Group				
Foreign exchange, bought	41,919	121	19	102
Foreign exchange, sold	50,277	65	144	-78
Interest rate contracts, bought	10,245	44	1	43
Interest rate contracts, sold	11,877	1	43	-42
Shares, bought	-	-	-	-
Shares, sold	2	0	-	0
Other transactions, bought	-	-	-	-
Other transactions, sold	-	-	-	-
Total	114,321	231	206	25
Total 2001	136,762	215	214	1

**Spot transactions**

<b>Nordea Bank Danmark A/S</b>				
Foreign exchange, bought	41,919	121	19	102
Foreign exchange, sold	50,277	65	144	-78
Interest rate contracts, bought	10,244	44	1	43
Interest rate contracts, sold	11,877	1	43	-42
Shares, bought	-	-	-	-
Shares, sold	2	0	-	0
Other transactions, bought	-	-	-	-
Other transactions, sold	-	-	-	-
Total	114,319	231	206	25
Total 2001	136,834	215	214	1

## Credit risk

### Note 11 Credit portfolio by industry sector

(%)	Group		Parent company	
	2002	2001	2002	2001
<b>Public authorities</b>	2	2	2	2
<b>Corporate:</b>				
Agriculture and forestry	6	5	4	4
Fishing	0	0	0	0
Manufacturing, quarrying, energy and water	9	11	11	14
Construction	2	2	2	2
Wholesale and retail trade, restaurants, hotels	8	8	9	10
Transport, postal and telecommunication	5	6	4	5
Finance and insurance	17	12	28	23
Property	11	11	12	12
Undistributed	5	4	5	4
<b>Total corporate</b>	<b>61</b>	<b>60</b>	<b>75</b>	<b>74</b>
<b>Personal</b>	<b>37</b>	<b>38</b>	<b>23</b>	<b>24</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

### Note 12 Credit risk in respect of derivatives

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Positive market value after netting				
Counterparty with 0% risk weighting	779	273	779	273
Counterparty with 20% risk weighting	15,810	12,668	15,713	12,675
Counterparty with 100% risk weighting	2,635	2,233	2,744	2,242

### Note 13 Subordinated balances due from

Associated undertakings	-	-	-	-
Group undertakings	-	-	-	-
Other undertakings	447	88	447	88
<b>Total</b>	<b>447</b>	<b>88</b>	<b>447</b>	<b>88</b>

### Note 14 Accumulated provisions

Provisions at 31 December for credits	6,571	7,147	6,368	6,980
Provisions at 31 December for balances due from credit institutions and other items that involve a credit risk	77	81	77	81
<b>Total</b>	<b>6,648</b>	<b>7,228</b>	<b>6,445</b>	<b>7,060</b>
Accumulated provisions for credits as % of credits, at 31 December	2.0	2.4	2.5	2.9
Non-accrual credits at 31 December	1,563	1,452	1,450	1,371

**Note 15 Accumulated provisions by industry sector**

(%)	Group	
	2002	2001
<b>Public authorities</b>	-	-
<b>Corporate:</b>		
Agriculture and forestry	6	6
Fishing	0	1
Manufacturing, quarrying, energy and water	10	12
Construction	3	3
Wholesale and retail trade, restaurants, hotels	13	14
Transport, postal and telecommunication	3	3
Finance and insurance	6	2
Property	19	20
Undistributed	25	23
Total corporate	85	84
<b>Personal</b>	15	16
Total	100	100

**Note 16 Credit portfolio by geographical area**

<b>Credit portfolio:</b>		
Nordic countries	91	90
Denmark	88	88
Finland	0	1
Norway	1	1
Sweden	2	1
Baltic countries, including Poland	0	0
Other EU countries	6	6
USA, including Canada	1	1
South and Central America	1	0
Asia	0	1
Other OECD countries	0	0
Non-OECD countries	1	1
Total	100	100

**Note 17 Accumulated provisions by geographical area**

<b>Accumulated provisions:</b>		
Nordic countries	95	94
Denmark	93	93
Finland	-	0
Norway	1	2
Sweden	0	0
Baltic countries, including Poland	0	0
Other EU countries	2	1
USA, including Canada	1	0
South and Central America	1	1
Asia	1	1
Other OECD countries	1	2
Non-OECD countries	1	1
Total	100	100

## Market risk

### Note 18 Foreign exchange exposure

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Total assets denominated in foreign currencies	3,621	366,685	3,621	364,172
Total liabilities denominated in foreign currencies	603	364,534	603	361,972
Foreign exchange exposure:*				
Indicator 1	3,620	2,732	3,620	2,732
Indicator 1 as % of tier 1 capital	19.8	15.8	19.8	15.8
Indicator 2	22	15	22	15
Indicator 2 as % of tier 1 capital	0.1	0.1	0.1	0.1

\* Indicator 1 is solely determined by the volume of positions irrespective of the degree of risk. Indicator 1 is calculated as the numerically higher value of the sum of positive (long) positions and negative (short) positions. Balances (assets, liabilities and off-balance-sheet items) in respect of which the bank bears the foreign exchange risk are included in the calculation of positions.

\* Indicator 2 is an expression of foreign exchange exposure. Indicator 2 expresses the amount in Danish kroner which the bank will lose, with a probability of 0.5%, over a 24-hour period on the basis of historical exchange rate fluctuations at unchanged positions. In relation to indicator 1 allowance is made for the volatility of the various currencies and their mutual co-variance.

### Note 19 Interest rate exposure

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Total interest rate exposure on debt instruments	604	699	596	687
Interest rate exposure by currency, the credit institution's currencies with the highest risk:				
DKK	650	373	642	361
SEK		84		84
USD	75	62	75	62
NOK	11		11	
JPY		-14		-14
CHF	10	11	10	12
GBP	-10		-10	
EUR	-142	160	-142	160
Other currencies	9	21	9	21

## Maturities by remaining term to maturity

### Note 20 Balances due from credit institutions and central banks

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Estimated breakdown by remaining term to maturity:				
Balances at call	8,000	3,600	10,500	7,700
At up to 3 months' notice	121,000	89,800	118,900	78,400
At more than 3 months' and up to 1 year's notice	5,500	3,800	5,600	3,800
At more than 1 year's and up to 5 years' notice	500	900	500	900
At more than 5 years' notice	200	200	200	200
Total	135,200	98,300	135,700	91,000

### Note 21 Lending

Estimated breakdown by remaining term to maturity:				
At call	48,900	39,300	51,200	56,100
At up to 3 months' notice	51,000	45,500	54,700	43,800
At more than 3 months' and up to 1 year's notice	10,400	22,000	9,100	10,500
At more than 1 year's and up to 5 years' notice	43,600	49,700	26,300	27,600
At more than 5 years' notice	141,700	120,300	37,300	38,100
Total	295,500	276,700	178,600	176,100

### Note 22 Balances due to credit institutions and central banks

Estimated breakdown by remaining term to maturity:				
Balances at call	31,700	13,000	32,100	20,100
At up to 3 months' notice	125,500	116,600	133,700	114,100
At more than 3 months' and up to 1 year's notice	13,900	27,800	13,700	27,600
At more than 1 year's and up to 5 years' notice	800	900	200	100
At more than 5 years' notice	100	100	100	100
Total	172,000	158,400	179,800	162,000

### Note 23 Deposits

Estimated breakdown by remaining term to maturity:				
At call	104,100	95,100	104,400	95,500
At up to 3 months' notice	23,800	26,300	23,800	27,300
At more than 3 months' and up to 1 year's notice	9,000	12,500	9,900	12,600
At more than 1 year's and up to 5 years' notice	100	200	100	200
At more than 5 years' notice	34,700	37,600	34,700	37,600
Total	171,800	171,700	173,000	173,200

### Note 24 Debt securities in issue

By remaining term to maturity:				
At up to 3 months' notice	23,532	27,408	188	7,035
Maturing between 3 months and 1 year ahead	6,447	2,938	3,303	791
Maturing between 1 year and 5 years ahead	21,256	30,093	5,665	9,188
Maturing after 5 years	84,260	72,694	58	58
Total	135,496	133,133	9,214	17,072



## Specifications

### Note 25 Interest receivable/Forward premium/discount on:

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Balances due from credit institutions and central banks	4,473	4,119	4,512	4,122
Lending	16,702	18,081	9,940	11,891
Debt securities	4,571	5,174	4,530	4,851
Total derivatives	-522	-42	-522	-42
of which:				
Foreign exchange derivatives	-246	136	-246	136
Interest rate derivatives	-276	-178	-276	-178
Equity derivatives	-	-	-	-
Commodity derivatives	-	-	-	-
Other derivatives	-	-	-	-
Other	622	577	71	94
Total	25,846	27,910	18,530	20,916

Of which income on purchase and resale transactions entered under:

Balances due from credit institutions and central banks	2,711	3,661	2,748	3,715
Lending	1,135	1,035	1,135	1,035

### Note 26 Interest payable to:

Credit institutions and central banks	5,528	6,615	5,766	6,629
Deposits	4,890	5,903	4,995	6,092
Debt securities in issue	6,879	6,820	412	744
Subordinated liabilities	254	412	254	412
Other	42	48	19	11
Total	17,593	19,799	11,446	13,887

Of which interest payable on sale and repurchase transactions entered under:

Credit institutions and central banks	1,954	2,848	1,954	2,962
Deposits	463	482	463	482

### Note 27 Dividend income from:

Shares	213	299	213	298
Shares in group undertakings	4	6	4	6
Total	217	305	217	304

**Note 28 Revaluation/translation adjustment\* of:**

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Debt securities	1,068	-49	1,062	-110
Shares	-3,794	-2,478	-3,793	-2,550
Fixed-interest loans and advances	65	67	64	64
Currencies	-280	641	-281	634
Total derivatives	-1,587	-274	-1,605	-267
of which:				
Foreign exchange derivatives	-746	-258	-746	-258
Interest rate derivatives	-942	208	-960	216
Equity derivatives	101	-224	101	-224
Commodity derivatives	-	-	-	-
Other derivatives	-	-	-	0
Total	-4,528	-2,093	-4,554	-2,230
Return to participants in portfolio schemes	-4,148	-2,307	-4,148	-2,307
Total	-381	214	-406	78

\* The sub-items also contain revaluation of securities included in the portfolio schemes. Adjustments are made for such revaluations under the item Return to participants in portfolio schemes.

**Note 29 Other operating income**

Repayment of VAT concerning canteens	-	18	-	18
Provisions for losses arising from legal proceedings written back	0	19	0	19
Non-recurring income	0	37	0	37
Net operating profit on property	203	218	139	141
Profit on sale of property	14	14	12	11
Other	66	72	34	37
Total	283	341	184	225

**Note 30 Executive Management and Board of Directors**

Loans to and charges or guarantees issued for the members of:

Loans etc				
The Executive Management	2	2	0	0
The Board of Directors	4	37	1	30
Security				
The Executive Management	2	2	-	-
The Board of Directors	4	27	0	21

**Note 31 Staff and administrative expenses**

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Salaries and emoluments to the Board of Directors, the Executive Management and the Board of Representatives The Executive Management	21	20	21	20
The Board of Directors	4	4	4	4
Total	25	23	25	23
Staff costs:				
Salaries	3,450	3,558	3,304	3,378
Pension costs	351	343	339	331
Payroll tax	363	364	355	356
Total	4,165	4,266	3,997	4,065
Other administrative expenses	2,235	2,034	2,156	1,933
Total staff and administrative expenses	6,425	6,324	6,178	6,022

**Note 32 Other operating expenses**

Loss on sale of property	1	7	1	0
Other	5	7	3	7
Total	6	14	4	7

**Note 33 Profit on shares in associated and group undertakings**

Associated undertakings	310	75	307	75
Group undertakings	-31	-79	618	706
Total	280	-4	925	780

**Note 34 Tax**

Estimated tax on the year's income	1,332	751	1,328	746
Deferred tax	-298	186	-298	186
Adjustment of tax estimated in previous years	-13	-6	-13	-7
Tax on provisions for credits	49	60	49	60
Total	1,070	991	1,066	984
Present tax rate	30.0	30.0	30.0	30.0
Tax on provisions for credits	1.3	1.9	1.3	1.9
Non-taxable dividends and other income	-2.7	-1.1	-2.7	-1.1
Non-deductible expenses	0.6	1.3	0.6	1.3
Adjustment concerning previous years	-0.3	0.7	-0.3	0.8
Other	0.1	-0.4	-0.0	-0.6
Effective tax rate	29.0	32.4	28.9	32.3

**Note 35 Auditors' remuneration**

Total remuneration of firms appointed at the Annual General Meeting to undertake the statutory audit	8	11	7	9
Of which remuneration for non-audit services	2	6	1	5

The above amounts do not include expenses in respect of Nordea Bank Danmark's internal audit.

**Note 36 Number of employees**

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Average number of employees in the financial year converted into full-time staff:				
Bank staff	8,323	8,667	8,045	8,399
Non-clerical staff	157	186	122	152
Total	8,480	8,853	8,167	8,551
Average number of employees in unconsolidated subsidiary undertakings converted into full-time staff:				
Undertakings acquired temporarily	-	-	-	-

**Note 37 Balances due from credit institutions and central banks**

Balances at notice due from central banks	19,616	30,950	15,620	18,946
Balances due from credit institutions	115,618	67,374	120,103	72,096
Total	135,234	98,324	135,723	91,042

**Note 38 Debt securities**

Listed	114,833	121,124	104,643	109,349
Other	1,435	1,505	1,435	1,505
Total	116,268	122,629	106,077	110,854
Of which own debt securities	18,745	11,180	7	16

At end-2002 bonds at a market value of DKK 16,575m (2001: DKK 13,192m) had been transferred to the FUTOP Clearing Centre and clearing centres outside Denmark pursuant to margin requirements.

**Note 39 Shares etc**

Shares/unit certificates listed on the Copenhagen Stock Exchange	2,797	4,524	2,797	4,524
Shares/unit certificates listed on other stock exchanges	5,486	8,521	5,486	8,521
Other shares	1,189	457	1,188	456
Other types of share	3	0	-	-
Total shares etc	9,475	13,502	9,472	13,501

At end-2002 shares at a market value of DKK 0m (2001: DKK 0m) and DKK 0m (2001: DKK 0m) respectively had been borrowed and lent in connection with securities lending agreements. Shares at a market value of DKK 0m (2001: DKK 0m) had been transferred in connection with stock lending transactions.

Current asset investments marked to market	123,117	134,169	112,926	122,394
Difference between the acquisition cost of current asset investments marked to market and the higher market value at the balance sheet date	-	-	-	-
Current asset investments not marked to market	2,620	1,961	2,623	1,961
Difference between the acquisition cost of current asset investments not marked to market and the higher market value at the balance sheet date	58	-	58	-

#### Note 40 Fixed asset investments

(DKKkM)	Group undertakings	Group Associates, other significant share- holdings	Other types of share	Group undertakings	Parent company Associates, other significant share- holdings	Other types of share
Total cost of acquisition at 1 January	38	383	5	5,990	306	-
Currency translation adjustment	-	0	0	-7	0	-
Additions	1	81	3	1	81	-
Disposals	-	38	-	352	-39	-
Total cost of acquisition at 31 December	39	426	9	5,631	426	-
Upward and downward revaluation at 1 January	-38	-47	-5	1,265	0	-
Currency translation adjustment	-	0	0	-2	-	-
Profit	-0	307	•	651	307	•
Dividend	•	83	•	241	83	•
Goodwill on acquisition	0	0	•	0	0	•
Other movements	-	-	0	17	-	-
Upward and downward revaluation	•	-	-1	-	-	-
Upward and downward revaluation written back	•	-18	-	-	-66	-
Upward and downward revaluation at 31 December	38	159	-6	1,690	159	-
Shares in parent company	76	•	•	75	•	•
Value at 31 December	77	585	3	7,397	585	-
of which credit institutions	0	59	0	5,824	59	-
Value at 1 January	143	336	0	7,398	306	-
of which credit institutions	0	0	-	5,713	-	-
(DKKkM)			Group 2002	2001	Parent company 2002	2001
The value of shares acquired in connection with settlement of prior commitments or assistance in restructuring companies amounts to			-	-	-	-

#### Note 41 Intangible assets

(DKKkM)	Goodwill	Group Intangible assets Other	Total	Goodwill	Parent company Intangible assets Other	Total
Total cost of acquisition at 1 January	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Total cost of acquisition at 31 December	-	-	-	-	-	-
Value at 31 December	-	-	-	-	-	-

**Note 42 Tangible assets**

(DKKm)	Group Tangible assets			Parent company Tangible assets		
	Land, buildings	Machinery, equipment	Total	Land, buildings	Machinery, equipment	Total
Total cost of acquisition at 1 January	3,808	952	4,761	2,186	746	2,932
Currency translation adjustment	-	-0	-0	-	-0	-0
Additions	40	126	166	19	54	73
Disposals	46	208	254	27	72	99
Total cost of acquisition	3,803	870	4,673	2,178	728	2,906
Downward revaluation at 1 January	723	560	1,283	210	462	672
Currency translation adjustment	-	-0	-0	-	-0	-0
Depreciation charge	20	162	182	13	104	117
Write-down	4	-	4	4	-	4
Downward revaluation written back	4	123	126	3	28	31
Downward revaluation at 31 December	743	600	1,343	224	539	763
Value at 31 December	3,059	271	3,330	1,954	189	2,143
Value at 1 January	3,086	392	3,478	1,977	283	2,260
Most recent property value (public valuation)	4,130	-	-	2,822	-	-
Full depreciation charge in the year of acquisition for machinery and equipment	-	106	106	-	104	104

**Note 43 Other assets**

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Positive market value of derivatives (gross)	79,468	36,267	79,547	36,262
Sundry debtors	313	643	519	991
Interest and commissions receivable	4,736	3,976	3,804	3,302
Other assets	307	384	350	338
Total	84,823	41,269	84,220	40,892

**Note 44 Balances due to credit institutions and central banks**

Balances due to central banks	13,897	6,367	13,897	6,367
Balances due to credit institutions	158,148	152,021	165,917	155,649
Total	172,045	158,388	179,814	162,015

**Note 45 Deposits**

At call	104,087	95,116	104,414	95,508
At notice	1,490	1,734	2,415	1,678
Time deposits	25,877	30,822	25,877	31,965
Special categories of deposit	40,323	44,046	40,323	44,046
Total	171,778	171,718	173,029	173,196

**Note 46 Other liabilities**

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Negative market value of derivatives (gross)	82,787	34,650	82,866	34,650
Sundry creditors	3,501	3,520	3,146	3,341
Tax payable	46	3	43	0
Dividend for the financial year	1,671	1,500	1,671	1,500
Interest and commission payable	5,311	3,847	2,222	1,319
Other liabilities (including repos/reverse repos)	48,168	25,351	47,769	24,934
Total	141,484	68,871	137,717	65,744

**Note 47 Provisions for liabilities and charges**

Provisions for pension costs and similar obligations	65	67	65	67
Provisions for deferred tax	1,099	1,397	1,099	1,397
Provisions for losses arising from legal proceedings	28	31	28	31
Special remuneration concerning severance schemes	23	14	23	14
Other provisions for liabilities and charges	1	1	0	1
Total	1,215	1,511	1,215	1,511

## Other supplementary information

### Note 48 Sale and repurchase transactions and purchase and resale transactions

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Of the below assets, purchase and resale transactions amount to:				
Balances due from credit institutions and central banks	80,526	44,137	82,359	46,434
Lending	37,799	23,851	37,799	23,851
Of the below liabilities, sale and repurchase transactions amount to:				
Balances due to credit institutions and central banks	49,632	28,062	57,764	32,114
Deposits	10,854	15,248	10,854	15,248
Assets sold as part of sale and repurchase transactions:				
Assets:				
Debt securities	59,381	42,130	67,361	46,107
Shares etc	0	0	0	0
Shares in group undertakings	0	0	0	0
Purchase and resale transactions	13,599	23,641	13,599	23,641
Sale and repurchase transactions	13,596	9,621	13,596	9,621

### Note 49 Balances with associated undertakings and undertakings in which Nordea Bank Danmark has other significant holdings of shares

Assets:				
Balances due from credit institutions and central banks	-	-	-	-
Lending	205	392	205	392
Total	205	392	205	392
Liabilities:				
Balances due to credit institutions	1,270	-	1,270	-
Deposits	285	154	285	154
Total	1,555	154	1,555	154

### Note 50 Balances with group undertakings

Assets:				
Balances due from credit institutions and central banks	13,947	7,470	20,658	12,610
Lending	180	168	16,586	17,721
Debt securities	-	131	8,586	8,980
Total	14,127	7,770	45,830	39,311
Liabilities:				
Balances due to credit institutions	81,401	13,610	98,601	18,101
Deposits	1,981	1,587	3,265	13,135
Total	83,382	15,197	101,866	31,236



**Note 51 Securities revaluation, fixed-interest liabilities, fixed-income assets and financial instruments**

On a continual basis the Nordea Bank Danmark Group covers the interest rate risk relating to fixed-income assets and fixed-interest liabilities by way of financial instruments. Thereby, the level of the Group's overall sensitivity to interest rate movements is controlled taking interest rate expectations into account.

Under the standards laid down for the presentation of accounts by Danish commercial banks and savings banks, fixed-income assets cannot be written up to a value exceeding the cost of acquisition, and fixed-interest liabilities cannot be marked to market.

Financial instruments acquired to hedge against the interest rate risk relating to these fixed-income assets and fixed-interest liabilities are not marked to market in pursuance of the rules of the Danish Financial Supervisory Authority in order to maintain accounting symmetry ensuring effective hedging of the interest rate risk relating to the position hedged.

(DKK m)	Group		Parent company	
	2002	2001	2002	2001
Covered fixed-income assets (excluding mortgage loans):				
Lending				
Book value	21,969	23,188	21,969	23,188
Purchase price	21,969	23,188	21,969	23,188
Market value	23,327	24,032	23,327	24,032
Nominal value	21,969	23,188	21,969	23,188
Debt securities				
Book value	63	155	63	155
Market value	65	187	65	187
Nominal value	63	155	63	155
Total				
Book value	22,032	23,343	22,032	23,343
Market value	23,392	24,219	23,392	24,219
Nominal value	22,032	23,343	22,032	23,343
Underlying financial instruments (swaps)				
Market value	-1,360	-876	-1,360	-876
Nominal value	20,159	21,139	20,159	21,139

Mortgage loans are fixed-income assets which are not revalued as the interest rate risk relating to these assets is covered by mortgage bonds in issue.

**Note 51 Securities revaluation** *(continued)*

(DKKm)	Group		Parent company	
	2002	2001	2002	2001
Covered fixed-interest liabilities				
Deposits				
Book value	3,584	4,073	3,584	4,073
Market value	3,820	4,288	3,820	4,288
Nominal value	3,584	4,073	3,584	4,073
Subordinated liabilities				
Book value	0	0	0	0
Market value	0	0	0	0
Nominal value	0	0	0	0
Debt securities in issue				
Book value	481	1,827	481	1,827
Market value	460	1,767	460	1,767
Nominal value	481	1,827	481	1,827
Total				
Book value	4,065	5,900	4,065	5,900
Market value	4,280	6,055	4,280	6,055
Nominal value	4,065	5,900	4,065	5,900
Underlying financial instruments (swaps)				
Market value	215	155	215	155
of which options	16	7	16	7
Nominal value	10,649	5,704	10,649	5,704

**Note 52 Income by country**

Interest income, dividends, fees and commissions,  
securities and foreign exchange result, and other  
operating income

Deriving from:				
UK	-	773	-	772
Germany	178	294	178	294
Luxembourg	-	-	-	-
USA	31	96	0	5
Singapore	-	5	-	-
Hong Kong	5	4	-	-
Cayman Islands	26	116	26	116
Norway	-	55	-	53
Sweden	-	8	-	-
Finland	1	10	-	-

**Note 53 Nordea Bank Danmark's portfolio schemes**

(DKKm)	Nordea Bank Danmark A/S 2002 total	Nordea Bank Danmark A/S 2001 total	Pension schemes	Of which Portfolio schemes, children's savings
Income statement				
Interest receivable/Forward premium/discount on:				
Cash deposits	18	19	17	0
Index-linked bonds	160	150	156	4
Other bonds	562	566	550	12
Derivatives	5	5	4	0
Total	744	740	727	16
Dividends on:				
Shares etc	164	239	161	4
Total	164	239	161	4
Revaluation/translation adjustment of:				
Index-linked bonds	53	3	52	1
Other bonds	361	15	353	8
Shares etc	-3,542	-2,484	-3,463	-78
Currencies	-987	217	-965	-22
Derivatives	-0	0	-0	0
Shares in associated and group undertaking (in relation to Nordea Bank Danmark A/S)	-33	-58	-32	-1
Total	-4,148	-2,307	-4,056	-92
Fees and commissions payable	271	308	265	6
Profit on portfolio schemes	-3,510	-1,636	-3,433	-78
Assets:				
Cash deposits	1,461	374	1,428	33
Index-linked bonds	1,984	2,597	1,939	45
Other debt securities	10,282	9,445	10,049	233
Other shares etc	7,513	12,222	7,343	171
Shares in associated and group undertakings and other significant holdings of shares (in relation to Nordea Bank Danmark A/S)	75	122	74	2
Other assets	194	219	190	4
Prepayments	97	-	95	2
Total	21,607	24,979	21,117	490
Liabilities:				
Total deposits	21,404	23,991	20,918	486
Other liabilities	203	988	199	5
Total	21,607	24,979	21,117	490
Notes:				
Average deposits	24,151	26,428	23,603	548

**Note 53 Nordea Bank Danmark's income statement, excluding portfolio schemes**

(DKKm)	Parent company	
	2002	2001
Interest receivable	17,803	20,194
Interest payable	10,555	12,926
<b>Net interest income</b>	<b>7,248</b>	<b>7,268</b>
Dividend income	53	65
Fees and commissions receivable	2,908	2,404
Fees and commissions payable	513	351
<b>Net interest and fees receivable</b>	<b>9,696</b>	<b>9,386</b>
Securities and foreign exchange result	-439	19
Other operating income	184	225
Staff and administrative expenses	6,178	6,022
Amortisation, depreciation and write-down of intangible and tangible assets	225	282
Other operating expenses	4	7
Provisions for bad and doubtful debts	301	1,106
Profit on shares in associated and group undertakings	958	838
<b>Operating profit before tax</b>	<b>3,689</b>	<b>3,052</b>
Tax	1,066	984
<b>Profit for the year</b>	<b>2,623</b>	<b>2,068</b>
<b>Notes to the income statement</b>		
<b>Interest receivable/Forward premium/discount on:</b>		
Balances due from credit institutions and central banks	4,512	4,122
Lending	9,940	11,891
Debt securities	3,808	4,135
Total derivatives	-456	46
<b>Interest payable on:</b>		
Deposits	4,104	5,131
<b>Revaluation/translation adjustment of:</b>		
Debt securities	648	-129
Shares	-252	-66
Fixed-interest loans and advances	64	64
Currencies	706	417
Derivatives	-1,605	-267

**Note 53 Nordea Bank Danmark's balance sheet, excluding portfolio schemes**

(DKKm)	Parent company	
	2002	2001
Assets:		
Cash in hand and balances at call due from central banks	4,287	2,583
Bills eligible for refinancing with central banks	39	26
Balances due from credit institutions and central banks	135,723	91,042
Lending	178,619	176,065
Debt securities	93,811	98,812
Shares etc	1,958	1,279
Shares in associated undertakings	585	306
Shares in group undertakings	7,321	7,275
Intangible assets	-	-
Tangible assets	2,143	2,260
Own shares	-	-
Other assets	84,025	40,674
Prepayments	187	328
Total assets	508,699	420,649
Liabilities:		
Balances due to credit institutions and central banks	179,814	162,015
Deposits*	153,085	149,579
Debt securities in issue	9,214	17,072
Other liabilities	137,514	64,756
Deferred income	0	1
Provisions for liabilities and charges	1,215	1,511
Subordinated liabilities	9,464	8,276
Shareholders' equity	18,392	17,440
Total liabilities	508,699	420,649
Off-balance-sheet items:		
Contingent liabilities	69,427	56,405
Commitments	13,727	14,638
Total off-balance-sheet items	83,154	71,044
Notes:		
* Of which cash deposits from portfolio schemes	1,461	374

**Note 54 Legal proceedings pending**

The companies of the Nordea Bank Danmark Group are involved in various legal proceedings. The expected outcome of these proceedings will not materially affect the financial position of the Nordea Bank Danmark Group.

**Note 55 Intragroup transactions**

Intragroup transactions are conducted on market terms or on a cost basis.

Material contracts in existence or entered into in 2002 between Nordea Bank Danmark A/S and directly or indirectly related undertakings include the following:

Nordea Bank Danmark has entered into an agreement for the supply of IT services to a number of other Danish Nordea companies.

Otherwise, Nordea Bank Danmark's activities with companies in the Nordea Group include lending, deposits, debt securities in issue, trading in securities, derivatives etc as part of its normal banking business.

**Guarantee in favour of Nordea Kredit Realkreditaktieselskab**

Nordea Bank Danmark A/S provides on an ongoing basis 5-year and 10-year guarantees in favour of its wholly owned mortgage banking subsidiary Nordea Kredit Realkreditaktieselskab, typically to cover the top 25% of the principal of mortgage loans disbursed. This guarantee commitment is computed on the basis of the remaining cash balance and amounted to DKK 27,259m at end-2002 (2001: DKK 23,437m).

**Note 56 The Danish Financial Supervisory Authority's ratio system**

(%)	2002	Nordea Bank Danmark Group			1998
		2001	2000	1999	
<b>Capital ratios</b>					
Total capital ratio	9.8	9.7	9.7	10.1	9.5
Tier 1 capital ratio	6.7	6.7	6.9	7.3	7.5
<b>Earnings</b>					
Pre-tax return on equity	20.6	17.8	25.3	16.1	22.3
Post-tax return on equity	14.6	12.1	24.5	15.5	21.7
Income/cost ratio (not %)	1.52	1.39	1.61	1.38	1.52
<b>Market risk</b>					
Interest rate risk/tier 1 capital	3.3	4.0	3.6	3.3	3.9
Foreign exchange exposure/tier 1 capital:					
Indicator 1/tier 1 capital	19.8	15.8	5.1	7.3	3.7
Indicator 2/tier 1 capital	0.1	0.1	0.1	0.2	0.0
<b>Liquidity</b>					
Coverage relative to the 10% provision of section 28 of the Danish Commercial Banks and Savings Banks Act	97.1	157.4	151.6	130.5	176.8
<b>Credit risk</b>					
Large commitments/capital resources	142.9	161.4	114.0	114.2	121.8
Total provisions/credits and provisions	2.0	2.4	2.4	2.5	2.9
Provision ratio for the year	0.1	0.4	0.1	0.2	0.2
Lending growth for the year on credits at 1 January	6.8	4.6	2.5	13.9	10.7
Credits/shareholders' equity at 31 December (not %)	16.1	15.9	14.1	13.1	12.1
(%)	2002	Nordea Bank Danmark A/S			1998
		2001	2000	1999	
<b>Capital ratios</b>					
Total capital ratio	10.5	10.1	10.2	10.4	10.3
Tier 1 capital ratio	7.1	6.9	7.3	7.5	8.1
<b>Earnings</b>					
Pre-tax return on equity	20.6	17.8	24.4	15.7	21.8
Post-tax return on equity	14.6	12.1	24.4	15.5	21.7
Income/cost ratio (not %)	1.55	1.42	1.67	1.42	1.58
<b>Market risk</b>					
Interest rate risk/tier 1 capital	3.3	4.0	3.2	2.7	3.9
Foreign exchange exposure/tier 1 capital:					
Indicator 1/tier 1 capital	19.8	15.8	4.3	7.4	3.2
Indicator 2/tier 1 capital	0.1	0.1	0.1	0.2	0.0
<b>Liquidity</b>					
Credits + provisions/deposits	106.9	105.7	104.6	102.3	95.9
Coverage relative to the 10% provision of section 28 of the Danish Commercial Banks and Savings Banks Act	125.2	174.7	167.7	130.9	185.3
<b>Credit risk</b>					
Large commitments/capital resources	129.0	157.8	101.2	113.3	121.3
Renegotiated credits/credits and provisions	0.6	0.6	0.5	0.6	0.7
Total provisions/credits and provisions	2.5	2.9	2.8	2.7	3.2
Provision ratio for the year	0.1	0.5	0.1	0.2	0.2
Lending growth for the year on credits at 1 January	1.5	-0.6	-1.0	13.1	3.8
Credits/shareholders' equity at 31 December (not %)	9.7	10.1	9.2	8.9	8.2

The 2002 and the 2001 figures are affected by the fact that with effect for accounting purposes from 1 January 2001 Nordea Bank Danmark A/S split off the Asset Management and Investment Banking activities into independent banks and merged with the related part of the former parent company. The comparative figures have not been restated compared to previous years.

## Subsidiary undertakings

### Nordea Finans - financial highlights (DKKm)

	2002	2001
<b>Income statement</b>		
Net interest and fees receivable	362	328
Securities and foreign exchange result	3	3
Other operating income	9	15
Profit before expenses	374	345
Expenses and depreciation	116	117
Provisions for bad and doubtful debts	79	-42
Profit on shares in associated and group undertakings	-0	0
Operating profit before tax	179	271
<b>Balance sheet at 31 December</b>		
Total assets	17,268	18,464
Shareholders' equity	1,005	1,004

### Nordea Kredit - financial highlights (DKKm)

	2002	2001
<b>Income statement</b>		
Net interest and fees receivable	537	509
Securities and foreign exchange result	-2	31
Profit before expenses	535	540
Expenses	144	139
Depreciation	1	1
Loan loss provisions	2	1
Profit on shares in associated and group undertakings	0	0
Profit before tax	389	399
<b>Balance sheet at 31 December</b>		
Total assets	140,242	128,781
Mortgage loans	116,250	100,051
Mortgage bonds in issue	126,281	116,061
Shareholders' equity	5,824	5,435
Total capital ratio (%)	9.4	10.5

## Proposed distribution of earnings

According to the company's balance sheet, the following amount is available for distribution by the Annual General Meeting of Shareholders:

(DKKm)		
Retained profit		9,681
Profit for the year	2,623	
Transfer to net revaluation reserve according to the equity method	606	2,017
<b>Total</b>		<b>11,698</b>

The Board of Directors proposes that these earnings be distributed as follows:

(DKKm)	
Dividends paid to shareholders	1,671
To be carried forward	10,028
<b>Total</b>	<b>11,698</b>

The Group's distributable earnings amount to DKK 11,698m. After the proposed distribution of earnings, the Group's unrestricted shareholders' equity amounts to DKK 10,028m.

The proposed dividend has been set aside as a liability in the balance sheet at 31 December 2002.

### Statement by the Board of Directors and the Executive Management

We have today presented the annual report of Nordea Bank Danmark A/S.

The annual report has been presented in accordance with the standards laid down for the presentation of accounts by Danish commercial banks and savings banks. We consider the accounting policies applied appropriate so that the annual report gives a true and fair view of the Group's and the parent company's assets and liabilities, financial position and results.

We propose to the Annual General Meeting that the annual report should be adopted.

Copenhagen, 12 February 2003

#### Board of Directors

Lars G Nordström (Chairman)  
Carl-Johan Granvik  
Steffen Hvidt  
Kent Petersen

Markku Pohjola (Deputy Chairman)  
Lene Haulrik  
Kari Jordan  
Tom Ruud

Christian Clausen  
Majbritt Garbul Hemmingsen  
Arne Liljedahl

#### Executive Management

Peter Schütze (Chairman)  
Henrik Mogensen

Jørn Kristian Jensen  
Michael Rasmussen

Peter Lybecker



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## Auditors' reports to the shareholders

### Internal auditors' report

We have audited the annual report of Nordea Bank Danmark A/S for the financial year 2002.

The annual report is the responsibility of the company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual report based on our audit.

### Basis of opinion

The audit was performed on the basis of the Danish Financial Supervisory Authority's Executive Order on Auditing Financial Enterprises and Financial Groups and Danish Auditing Standards. Based on an evaluation of the materiality and risk our audit has included an examination of business procedures, the accounting policies applied and estimates made and evidence supporting the amounts and other disclosures in the annual report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to qualifications.

### Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2002 and of the results of the Group's and the parent company's operations and of the Group's cash flows for the financial year 2002 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 12 February 2003

Internal Audit Activity

Søren Lund  
Chief Auditor

Ane Marie Christensen  
Deputy Chief Auditor

### Auditors' report

We have audited the annual report of Nordea Bank Danmark A/S for the financial year 2002.

The annual report is the responsibility of the company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the annual report based on our audit.

### Basis of opinion

We conducted our audit in accordance with Danish Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and Executive Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not given rise to qualifications.

### Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the parent company's assets, liabilities and financial position at 31 December 2002 and of the results of the Group's and the parent company's operations and of the Group's cash flows for the financial year 2002 in accordance with the accounting provisions of Danish legislation.

Copenhagen, 12 February 2003

DELOITTE & TOUCHE  
Statsautoriseret Revisionsaktieselskab

KPMG C. Jespersen

Bent Hansen  
State-Authorised  
Public Accountant

Erik Holst Jørgensen  
State-Authorised  
Public Accountant

Finn L Meyer  
State-Authorised  
Public Accountant

Anne Rømer  
State-Authorised  
Public Accountant

# Management

## **Board of Directors of Nordea Bank Danmark**

Lars G Nordström (Chairman)  
Markku Pohjola (Deputy Chairman)  
Christian Clausen  
Carl-Johan Granvik  
Lene Haulrik\*  
Majbritt Garbul Hemmingsen\*  
Steffen Hvidt\*  
Kari Jordan  
Arne Liljedahl  
Kent Petersen\*  
Tom Ruud

\* Elected by the employees.

## **Henrik Mogensen**

A member of the Boards of Directors of Nordea Finans Danmark A/S, Danmarks Skibskreditfond and IBOS.

## **Michael Rasmussen**

A member of the Boards of Directors of Nordea Finans Danmark A/S, Nordea Kredit Realkreditaktieselskab, the Industrialisation Fund for Developing Countries, the Investment Fund for Emerging Markets and the Investment Fund for Central and Eastern Europe.

## **Executive Management of Nordea Bank Danmark**

### **Peter Schütze**

A member of the Boards of Directors of Nordea AM Holding Danmark A/S, Nordea Asset Management Bank Danmark A/S, Nordea Bank S.A., Danmarks Skibskreditfond and the Danish Bankers Association.

### **Jørn Kristian Jensen**

A member of the Boards of Directors of Danbolig A/S, Nordea Konferencecenter Klarskovgaard A/S, Nordea Kredit Realkreditaktieselskab, the Employers' Association for the Financial Sector, Landsbankernes Reallånefond, PBS Danmark A/S, PBS Data A/S, PBS Finans A/S, PBS Holding A/S, PBS International A/S and PBS Multidata A/S.

### **Peter Lybecker**

A member of the Boards of Directors of Nordea Bank S.A., Nordea Ejendomme A/S, Nordea Kredit Realkreditaktieselskab, PBS Danmark A/S, PBS Data A/S, PBS Finans A/S, PBS Holding A/S, PBS International A/S and PBS Multidata A/S.

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